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THE NATIONAL EMPLOYMENT SERVICE

by

Professor Gilles Beausoleil
and
Professor Maurice Bouchard

May, 1962

Summary of Findings and Recommendations

1. The Role of a National Employment Service in the Economy

In a mature industrialized country, a national employment service has to play an important and explicit role in a manpower policy. The economic functions have to be understood, whose major perspective implications do not seem to have been realized as regards the system itself.

Both short and long-run aspects of the economic role of an employer

Report to the Committee of Inquiry into the Unemployment Insurance Act

positive contribution to the improvement of various mechanisms within the framework of the well-known responsibilities of labour markets, the act should regard effectiveness in gathering information, information about demand for and supply of labour, to characterizing such information in the workplace having economic and social consequences in the economic and industrial mobility of labour.

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From a long-term perspective, a national employment service should provide the public with significant information on long-term trends in the labour market, on the economic and social conditions so that the employment and decisions of the population of labour can be as correct as possible in the light of sufficient information. An employment service providing such service should be closely involved in the collection of statistical data, in the development of technical training and vocational retraining programs and in the establishment of labour mobility policies.

A national employment service, within the economic role, has to help individuals and as a result play in the sense of the demands change affecting an individual's career. It must assist the individuals in finding a job or even help them to find out if employed and play a role in the general policy of economic and statistical aspects of the labour market.

May, 1962

Report to the Committee on Internal Security - Subcommittees on

THE NATIONAL GUARDIAN

by
William Miller

Editorial Director

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Summary of Conclusions and Recommendations

1. The Role of a National Employment Service in the Economy

In a modern industrialized economy, a national employment service has to play an important and social role in a manpower policy. The economic functions have to be emphasized since their pervasive implications do not seem to have been realized in Canada in the postwar period.

Both short and long-run aspects of the economic role of an employment service have to be considered. In the short-run, an employment service contributes to the improvement of market mechanisms which, because of the well-known imperfections of labour markets, do not insure rapid adjustments in gathering systematic information about demand for and supply of labour, in channelling this information to the employers having vacancies and employees seeking jobs, and in promoting geographical and industrial mobility of labour.

From a long-run point of view, an efficient employment service should provide the public with all significant information on long-term trends in the demand for labour in various industries and occupations so that the occupational decisions of the suppliers of labour can be as correct as possible in the light of sufficient information. An employment service providing such service would be deeply involved in the orientation of vocational guidance, in the development of technical training and vocational retraining programmes and in the establishment of labour mobility policies.

A national employment service, besides its economic role, has to help individuals and to protect them in the midst of the dynamic changes affecting an industrialized economy. It must assist the individuals in finding a new job when they have been thrown out of employment and play a role in a general system of insurance and assistance against the financial risks of unemployment.

Security of Continuity and Recommendation

1. The Role of a National Employment Service in the Economy

In a modern industrialized economy, a national employment service has to play an important and central role in a national policy. The economic functions have to be emphasized since their protective functions do not seem to have been realized in Canada in the post-war period.

Both short and long-run aspects of the economic role of an employment service have to be considered. In the short-run, an employment service contributes to the improvement of national economic status,

because of the well-known importance of labour markets, to the extent that it contributes to the gathering of statistical information about demand for

and supply of labour. In handling this information in the labour market, having statistical and economic analysis, and in providing geographical and industrial mobility of labour.

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It is so that the economic role of the employment service is not only an economic one but also a social one. In the field of industrial relations, an employment service providing such services would be directly involved in the extension of vocational guidance, in the development of technical training and vocational retraining programs and in the

improvement of labour mobility policies.

A national employment service, besides the economic role, has to

help individuals and so protect them in the field of the dynamic changes affecting an industrialized economy. It must assist the individuals in finding a new job when they have been thrown out of employment and play a role in a general system of insurance and assistance against the financial risks of unemployment.

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The principal instruments at the disposal of an employment service to fulfil its objectives are the following: the organization of vacancy and application files, the placement of job-seekers, the acquisition of systematic knowledge about conditions prevailing in labour markets and the circulation of the relevant information about these conditions. To be effective, files must include a high proportion of all vacancies available as well as the majority of job applications, especially the potential applications of people who are already employed. The selection of job-seekers for vacancies available must be made on the basis of the strict criterion of competence and must not be biased by special attention to the unemployed workers among the actual or potential job applicants. Finally, as placing job-seekers constitutes only one aspect of the function of an employment service, other aspects consisting of the creation of conditions to enable people to make correct market decisions, a major effort to develop a systematic research programme on manpower problems, and the circulation of all relevant information about actual and future labour markets constitute an important responsibility of an employment service.

II. The National Employment Service in Canada

The examination of the past and actual working of the National Employment Service in Canada reveals certain weaknesses and suggests certain improvements which will be summarized below under the form of recommendations. Weaknesses and consequent suggested improvements are related, to a large extent, to the fact that historically the N.E.S. has functioned as a service organization of unemployment insurance.

With regard to the placement operations of the N.E.S., the procedures used are functional and relatively efficient within the constraints imposed on the Service; recommendations concerning these constraints will be made below. However, the degree of actual application of the criterion of competence as the basis of the selection policy by N.E.S. officers should be reviewed by the Service because of the subtle

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sociological and administrative pressures which can result in a behaviour different from the official policy.

First recommendation

The policy of selection on the basis of competence of job-seekers for vacancies referred by employers to the N.E.S. should be retained as a most important feature of the operation of the Service but its actual application by placement officers should be carefully examined and assessed through scientific investigations.

However, even good selection procedure used in actual placement operations cannot make an employment service efficient if such a service is not within the very center of labour market operations. For this purpose, a service must achieve a rapid and substantially complete coverage of job vacancies. Data included in the body of our report indicates that the registration of job vacancies with the Service is not very satisfactory.

Second recommendation

The N.E.S. should improve its coverage of job vacancies through more contacts with actual and potential employers, and for this purpose placement officers should use all statistical data available and all future market research necessary.

Perhaps it would be too costly to get information about actual and future demand for labour through spontaneous reporting by employers and investigations by the personnel of the Service. In this case, formal reporting could be required from employers.

Third recommendation

Formal reporting of vacancies through simple forms which would not be cumbersome for employers should be required if this appears as a necessary instrument for the N.E.S. to arrive at a significant coverage of the demand for labour.

The specialization of placement officers in specific occupational markets would probably permit a better coverage of job vacancies and a faster anticipation of manpower trends than any other system of task allotment to the officers.

Fourth recommendation

Placement officers could be specialized in specific occupational markets and receive constant advice and information along these lines from research services at the regional and national levels.

On the supply side of labour markets, the bulk of the clientele of the N.E.S. has consisted of unemployed workers, except in the case of special placements which include executive and professional manpower. A coverage of the mobile members of the labour force is necessary if the Service is to satisfy the requirements of employers for high quality employees.

Fifth recommendation

Efforts should be made to attract for registration as job-seekers at the N.E.S. not only the unemployed but also mobile employed persons and young workers who wish to improve their situation and who can move from less productive to more productive employment.

For the operational aspects of placement operations as well as for the fulfillment of the larger functions of an employment service aiming at the improvement of decision-making in labour markets, an improved knowledge of market conditions and adequate information about them are required. More statistical data, especially data of a disaggregated nature, should be prepared and circulated in a way that will reach individuals and groups making decisions in labour markets. The available statistical information should be extensively used for operational purposes by the N.E.S. offices.

Sixth recommendation

Data of a rather disaggregated nature relevant to specific labour markets in which decisions are made should be prepared and published in such a way as to be readily useful and widely circulated.

To be largely utilized, statistical information must be interpreted in research studies to develop its meaning for the nonexpert decision-maker. Not much research has been done on manpower in Canada. Two reasons can explain this lack of research: first, it is not considered as an important activity in this country and, secondly, the administrative division between the research agencies of the Department of Labour and the N.E.S. has constituted an important obstacle to an integrated plan of research about the labour force. Moreover, if research on actual conditions of labour markets is important, forecasts about future conditions in these markets are necessary since the decisions concerned, like occupational choices, are essentially long-run decisions which often require heavy investment in human capital. It is somewhat surprising that agencies or boards can make investment plans in education, vocational training and retraining facilities without having some blueprint of the future structure of labour force.

Seventh recommendation

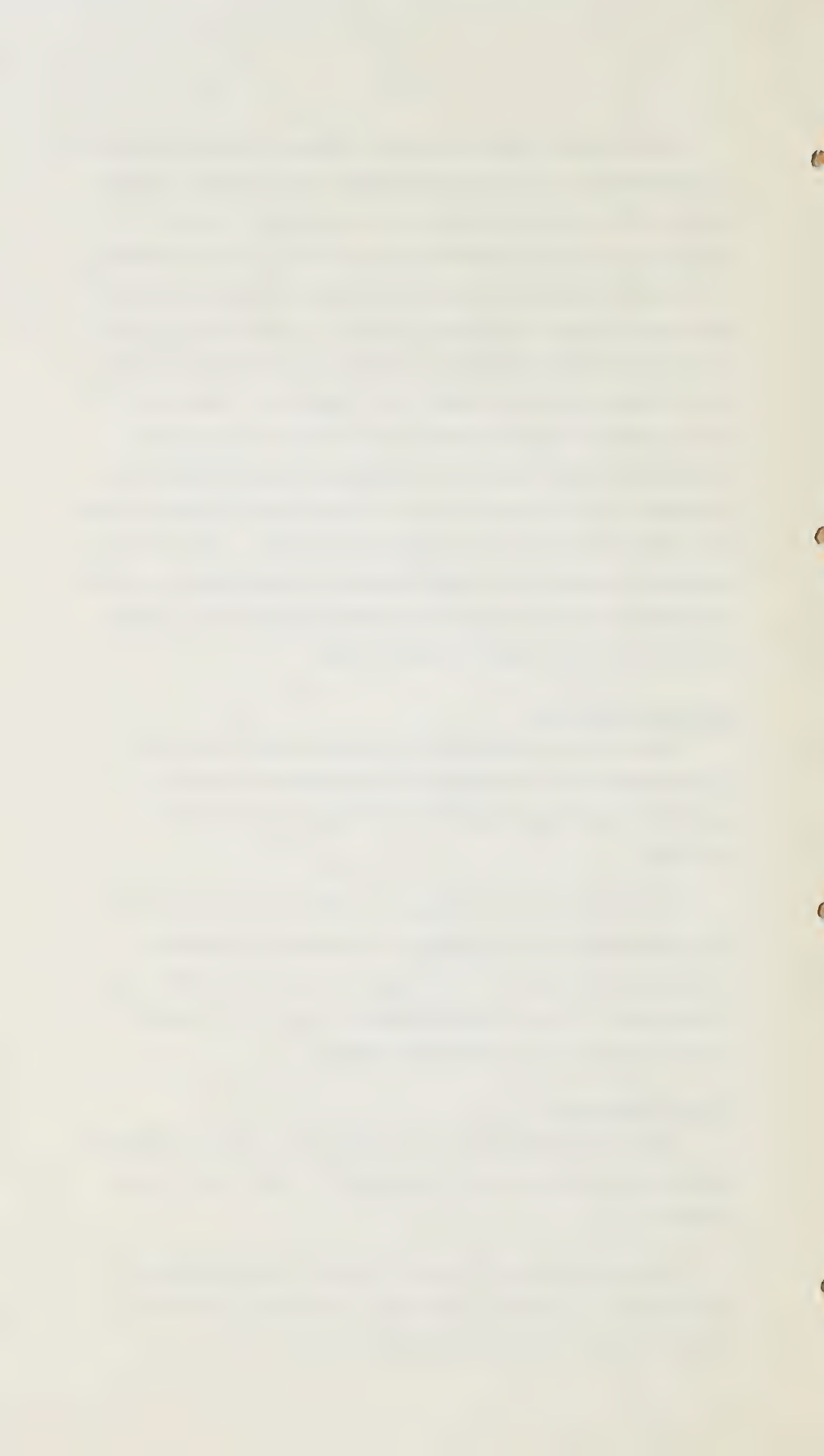
Great efforts should be used to increase research bearing on manpower trends and on the dynamics of individual labour markets; systematic forecasting of employment and manpower trends should be initiated.

Certain conditions are necessary to achieve the fulfilment of these objectives and the utilization of statistical and research instruments by the N.E.S. Two of these conditions are paramount. The first consists of a much closer integration of the N.E.S. with the research agencies of the Department of Labour.

Eighth recommendation

The National Employment Service should be more closely integrated with the research agencies of the Department of Labour than it is at present.

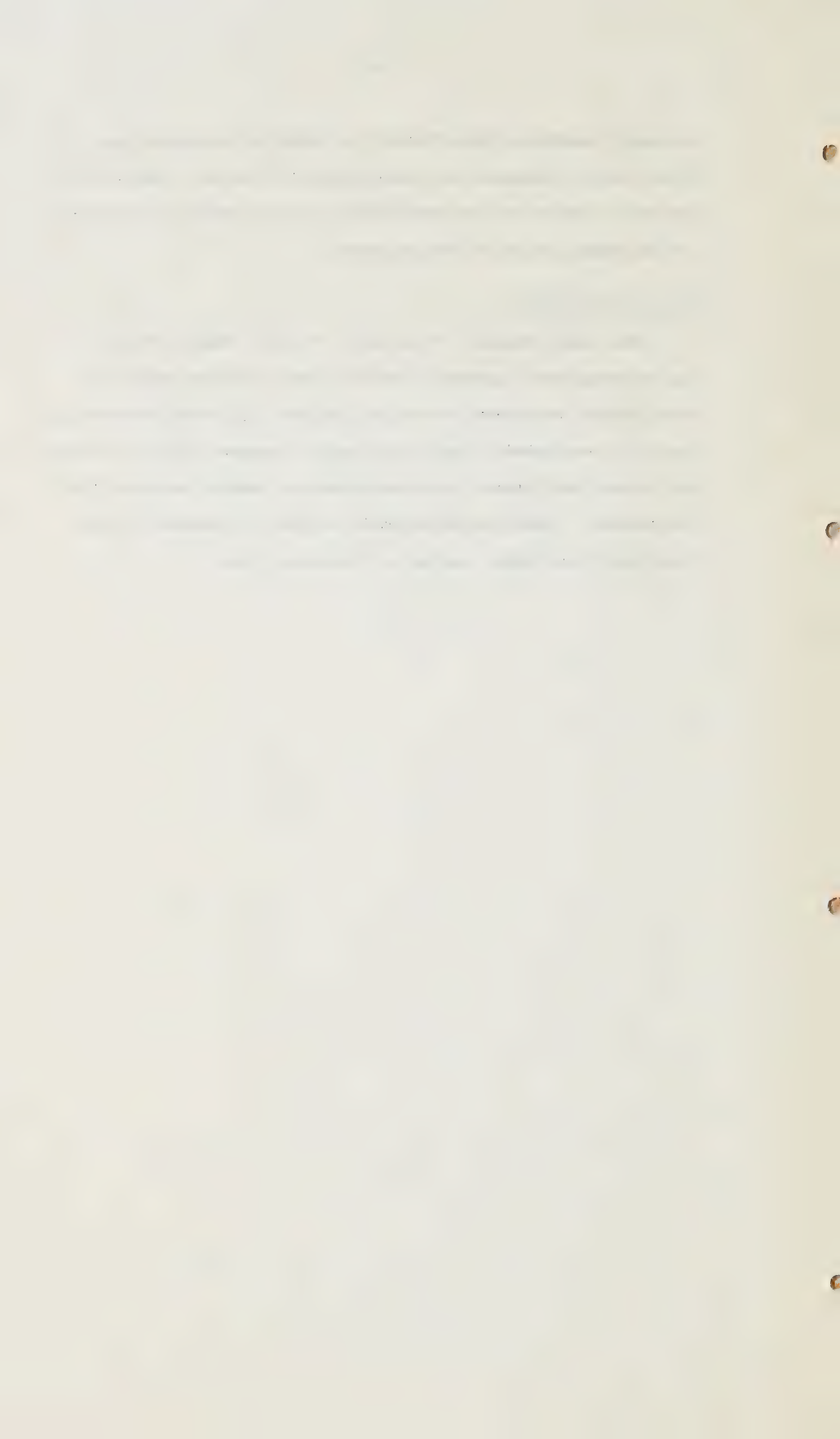
The second condition is in the bolstering of the efficiency of the Service by a systematic introduction of executives and research personnel within the ranks of the N.E.S. employees. The Service



strangely resembles a large firm with a devoted top management but without middle management and large enough staff units. A basic reason for this situation has been the limited funds allotted to the Service and the salary policy for its employees.

Ninth recommendation

The salary structure of the N.E.S. should be sharply revised in the following way: salaries in the N.E.S. should be the same as in other federal departments for similar jobs and high enough differentials should be established to retain high quality personnel within the Service and attract badly needed junior executives and research personnel from the outside. Special attention should be given to placement officers whose skills are highly rewarded on the market place.



I. THE ROLE OF A NATIONAL EMPLOYMENT SERVICE IN THE ECONOMY

A- The Goals

The role to be played by a national employment service, and the definition of its proper goals from the economic point of view, must be considered within the framework of a general policy for the development and optimum use of manpower resources. Moreover, an employment service should make an important contribution to the improvement of the social conditions of the members of the labour force. Therefore, the role of the employment service must be considered not only in its economic aspect but also with reference to the social functions which it fulfills.

1. Economic

From the economic point of view government manpower policy has two fundamental goals. In the short run, where we take as given the manpower resources and the specific manpower needs in a particular stage of economic development, the government should take all measures proper to increase the efficiency of the labour market as a mechanism for allocating the factor of labour among various industries, regions and occupations. In a greatly simplified economic world, the simple interplay of differentials in rates of remuneration would suffice to guarantee optimum use of manpower resources of an economy at a given moment. Such a world would be constituted, broadly speaking, by a stationary economy extremely concentrated in space in which it would be easy for every worker to obtain quickly perfect information on the nature and urgency of the manpower needs of the system.

To the degree that reality diverges from this utopia, wage differentials are less effective as catalysts of occupational, industrial, and geographical mobility of labour. Frequent changes in the level and structure of economic activity seriously restrict the worker's chances of knowing the manpower needs. The resulting ignorance is a source of uncertainty and, in the end, one cause of immobility so far as the worker is concerned. The same effect is produced by the geographical dispersion of economic activity.

THE HISTORY OF THE UNITED STATES

1776

The first of the thirteen original states to declare independence from Great Britain was the United States of America. The Declaration of Independence was signed on July 4, 1776, in Philadelphia. The document declared that the thirteen colonies were no longer part of the British Empire and were now free and independent states.

1787

The Constitution of the United States was signed on September 17, 1787, in Philadelphia. The document established the framework for the federal government and the relationship between the states and the federal government. The Constitution was the first written constitution in the world.

1791

The Bill of Rights was signed on September 12, 1791, in Philadelphia. The document guaranteed the first ten amendments to the Constitution, which protected the rights of the states and the federal government. The Bill of Rights was the first written bill of rights in the world.

1793

The first of the thirteen original states to declare independence from Great Britain was the United States of America.

The upshot is that in the real economy, an effort must continually be made to reduce to the minimum the phenomena of labour immobility which result from imperfect information and, to this end, to create the appropriate institutions. These institutions appear to be all the more necessary when consideration is given to the handicaps of social prejudice, psychological difficulties and many other similar factors which distort communications between purchasers and suppliers of labour. In this connection, optimum functioning of the labour market requires not only the development of efficient channels of information on labour supply and demand, but also the establishment of employment services and programmes for promoting geographical and industrial mobility of labour. These measures are necessary at any level of general economic activity, that is to say, whether or not we have a condition of full employment.

Leaving the short-term point of view we find that a basic problem of economic progress requires government manpower policy to engage in very complex and far-reaching activities. Here the crucial point is the creation of conditions leading to a correct adjustment in quantitative and qualitative terms of manpower needs and resources. Possible conflicts between short-term and long-term goals have the unfortunate result that it is not always easy to ensure such an adjustment. For example, at the turn of the 50's, it had become obvious that an active immigration policy was necessary to avoid a slow-down in the extremely rapid pace of economic development which characterized this period. We now see that this development was based mainly on capital-intensive investments and that a long-term point of view would have favoured a somewhat more moderate policy on immigration.

Apart from this purely quantitative, macro-economic aspect of the development of manpower resources, it is equally important to minimize structural contradictions between the supply of and the demand for labour in an expanding economy, by guiding actual and new manpower from contracting sectors towards developing industries, occupations and regions. In this respect the Canadian economy has undergone important changes since the war.

For example, there has been a very rapid development in service employment, a sharp decrease in the relative importance of manufacturing employment and an absolute decline in farm employment. In the province of Quebec especially, the percentage of farm labour to the total work force declined from 18.8 in 1949 to 7.9 in 1961. Structural changes of this magnitude and importance inevitably lead to major disequilibria between the demand for and the supply of labour if no effort is made to foresee them and to introduce the necessary adjustments in the system of general and vocational education.

Obviously a national employment service plays the most important role in the achievement of both the short-term and long-term goals of manpower policy. In the short run, it is the most efficient instrument for accumulating all the useful information on the current need for labour and on the available manpower resources, and for communicating this information to employers and employees. This service should also provide the link between the labour market and the various agencies concerned with vocational guidance, teaching and retraining.

The implementation of programmes designed to promote labour mobility between regions and industries falls, in the great part, on the employment service. The national service must not limit itself to circulating detailed information on the current labour market supply and demand situation. It is extremely important that it provide the public with all significant information on long-term trends in the demand for labour in various occupations and industries, so that mobility decisions may be made with a view to long-run equilibrium. And from the same point of view the employment service should be able to take the lead in the establishment of technical training and vocational retraining programmes, conceived as policies for promoting labour mobility.

2. Social

Besides playing an indispensable role in the proper functioning of the economic system, the national employment service has to fulfill important social functions. It may be that Canadian society has accepted the organiza-

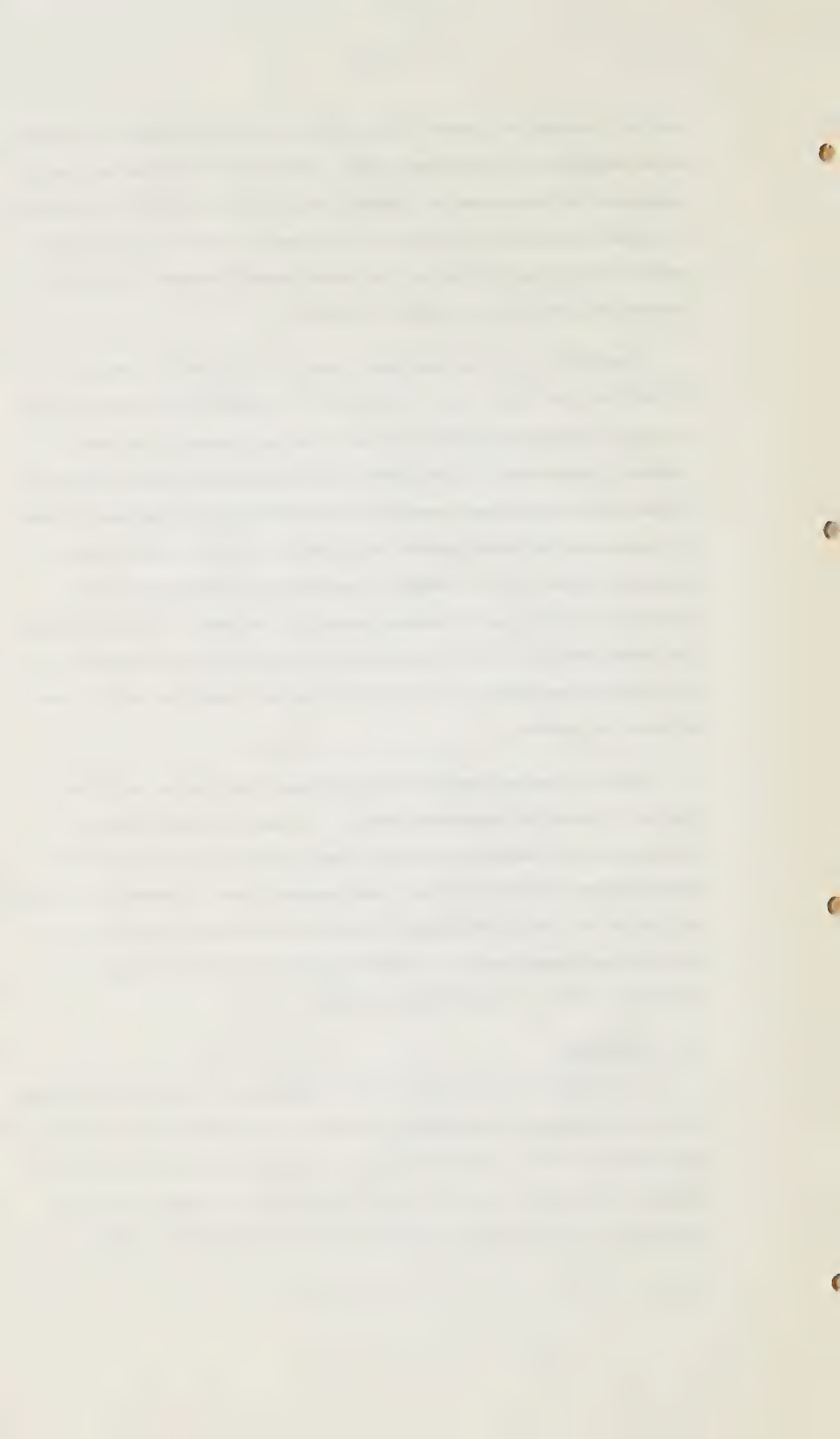
tion of a national employment service with this aspect in mind and somewhat to the exclusion of the economic goals. There is no doubt that we have to re-examine the choices we, as a nation, make on this question. Any measure of social welfare which is designed in abstraction from or in opposition to economic reality can in the long run create social problems that are more serious than those that it tries to relieve.

Because the national employment service brings back to productive activity workers thrown out of employment, it constitutes an indispensable factor of security and welfare for the worker in a society like ours. Moreover, in addition to this direct social contribution, the co-operation of the national employment service is indispensable to the national system for protecting the worker against the financial risks of unemployment. Otherwise, there will be a danger of requiring the national employment service to fulfil a social function which will be sharply in conflict with its proper economic role. The conflict will be all the more serious in that the National Employment Service has operated almost entirely in terms of social objectives.

There is another category of social needs which can be satisfied by the activities of an employment service. For many different reasons, certain groups of workers, especially aged workers, those who are handicapped by some infirmity and many young workers, have in general considerable difficulty in finding their place in the web of economic activity. The national employment service can give these workers invaluable support by developing systems of specialized placement.

3. Conclusions

To conclude this discussion of the objectives of a national employment service, we consider it important to restate our conviction that the structure and operation of this institution must be organized basically on the light of its economic goals, and that their organization in terms of the social objectives to which we have referred should be secondary and consistent with



the economic goals. From our study of the history of the actual structure and operations of the National Employment Service, we have learned that the Service has on the whole been conceived along lines that are contrary to this principle. We will indicate below the reforms which we consider necessary if the National Employment Service is to be furthered in playing its true role in our society.

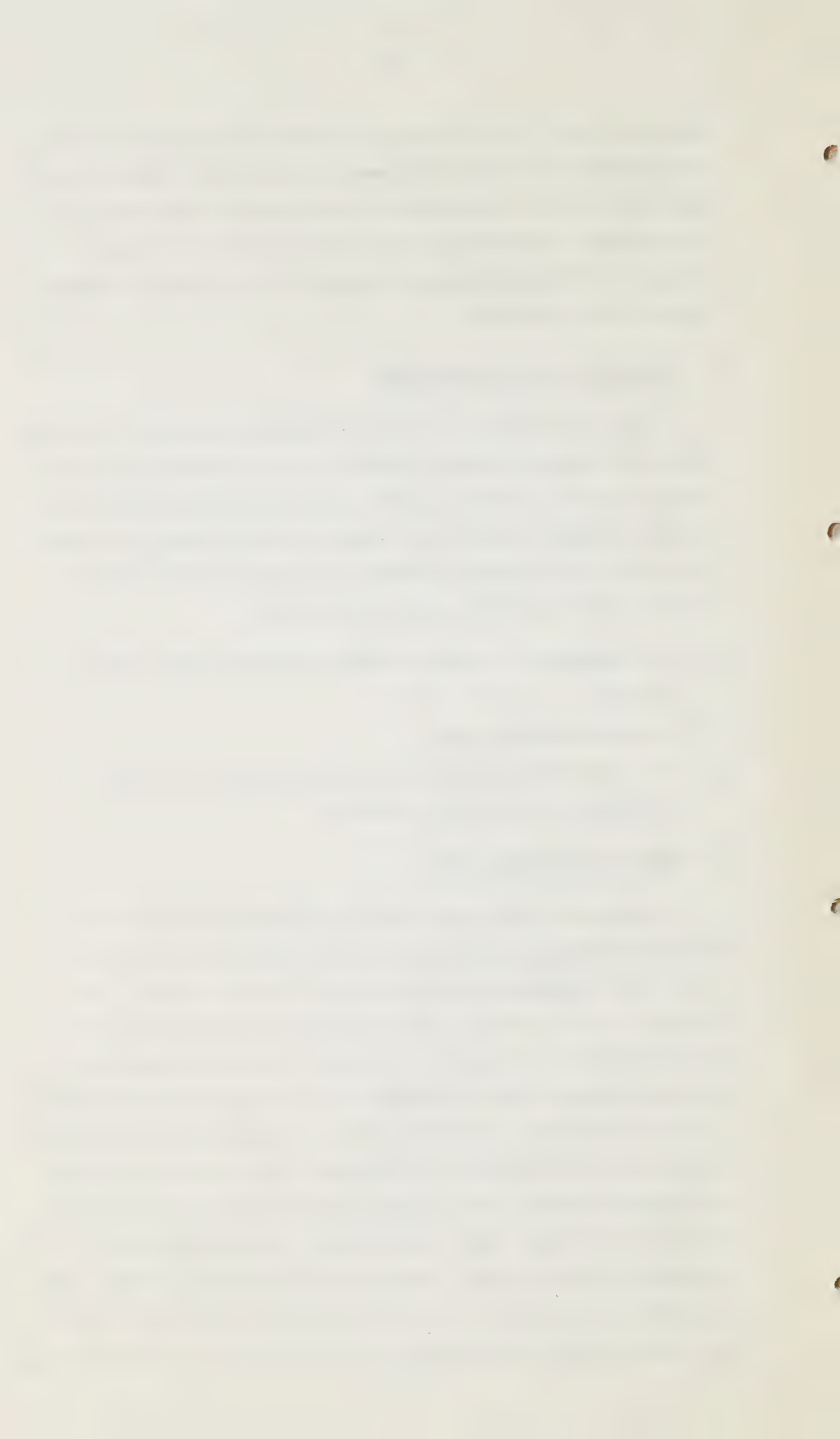
B- The Means of Achieving these Goals

After having stated the nature and the relative importance of the basic goals of the National Employment Service we can, while retaining our ideal standpoint, discuss the means which the Service must develop, or with which it must be endowed, to enable it to reach its goals effectively. The means to be used can be considered in relation to the three principal fields of activity of the National Employment Service, namely:

- (a) the organization of vacancy and application files in local labour markets;
- (b) placement activities; and
- (c) the preparation, analysis and circulation of information on the conditions in various labour markets.

1. Vacancy and Application Files

If these local file systems are to be effective instruments for the placement and the geographical, vocational and industrial guidance of the labour force, two important conditions must be fulfilled. First of all, files must be as complete as possible, containing all offers of employment and all requests for employment in the territory under the jurisdiction of the local employment office. Secondly, the most efficient techniques must be used for classifying the individual files of vacancies and applications and for keeping them current. It is much more difficult to meet the first of these two conditions if the Employment Service tends to be used by only one class of applicant, namely, the unemployed. This will lead both employers and workers to take a negative attitude which will seriously limit the information possessed by the Service on demand for and supply of labour. The theory is easily developed among employers that unemployed workers are those



who have failed to adapt and that there is no particular advantage in recruiting staff exclusively from this class; while the workers come to look upon the Employment Service as an unemployment insurance workshop, and make their plans for occupational mobility, when they are not unemployed, without using the placement services. It is obvious that the policy of offering only unemployed workers to employers is a serious handicap to an employment service in its work of placing the unemployed. It is basic to the goal of a more efficient market mechanism for allocating manpower resources that the facilities of the Employment Service should be used not only by the unemployed but also by employed workers anxious to move and new entrants in the labour force.

2. Placement

Of necessity, the National Employment Service must assume a direct role in the work of placement, so as to limit the cost of and the time involved in the selection process, which burden would otherwise fall on the workers and on the personnel departments of private firms. The National Employment Service has to consider, as its proper task, the preliminary selection of job applicants and the establishment of contact between the selected candidates and employers.

A good system of candidate selection can be based only on a criterion of economic efficiency, which may be stated in the following terms: a) for a given job applicant to find the available employment that is the most suitable to his skills and personal preferences and, b) for a given available vacancy, to find the applicant best fitted to fulfill the requirements of that vacancy. The two principles are complementary; the first prohibits giving a particular job to a worker whose qualifications and skills would exceed those required by the job, instead of a worker who has more nearly the qualifications for the purpose; the second prohibits giving a job to an insufficiently qualified worker.

The application of the efficiency criterion to the process of selection requires, firstly, the development of a good system of describing the nature of occupations and of classifying them by required skills; secondly, it



requires the use of the means necessary to evaluate the skills and qualifications of candidates. There will be, in relation to this latter point, an a priori temptation to enlarge the requirements of this evaluation to include the presence, in every local office, of psychologists who have specialized in testing occupational skills. But it must not be forgotten that the selection function accomplished by the National Employment Service can be only preliminary and that businesses which employ candidates offered by the Employment Service must be prepared to meet the cost of a more detailed system of testing, either through their own specialists in the field or through agencies which provide this kind of service.

The N.E.S. must also establish contact between selected candidates and employers reporting vacancies. The results of interviews between candidates and employers must be followed up by the employment officer, and there should be a further check to find out whether employers and candidates who have found employment are satisfied with services of the N.E.S. These tasks make it necessary for the employment officer to have at hand all the material means to do a good job; for instance, he must not be handicapped by an insufficient number of telephone lines in the local office. There must also be enough of such officers, so that they are not forced to do placement work without ever having enough time to make a proper check on interviews.

Efficient placement work requires the employment officer to tackle jobs going considerably beyond the limits of the placement process as such. In particular, he must maintain the best possible set of relations with the personnel departments of large firms, with the representatives of labour organizations and other types of professional groups using publicity media such as the newspapers and radio stations and in general with all the local public bodies which are more or less interested in the proper functioning of the labour market.

The capacity of an employment officer to assume these obligations effectively depends largely on his initiative, his energy and his personality. Normally, these factors are highly appreciated and well rewarded in the private sector, as compared with the salaries provided for the officers of the N.E.S. The result is that very often the employment officer who possesses such skills

will be offered better paid jobs elsewhere. The efficiency of the N.E.S. rests first and foremost on the quality of its staff. Therefore, it is absolutely necessary that the remuneration of the staff should be fixed on a realistic basis. Otherwise, the best concepts and techniques will have no results. In fixing this remuneration it should be remembered that the employment officer is constantly involved in relationships with individuals and social groups of all kinds, and that unlike the office bureaucrat, he makes direct use of his initiative and his personal resources to determine the scope and efficiency of his action. In principle, the level of salaries of these officers must be considered too low so long as the N.E.S. loses its staff to the private sector and is incapable of attracting staff from that sector.

These considerations are of still greater weight when they are applied to the jobs falling on officers responsible for placing certain classes of workers such as the aged, the young, the handicapped and professional manpower. These forms of specialized placement require thorough knowledge of the problems which are peculiar to each category of worker as well as those features in the demand for labour which are favourable to the absorption of these workers into the stream of production. They make it necessary, moreover, to establish relations between the N.E.S. and those institutions which are interested in each category of worker.

The field of specialized placement could actually, it would seem, be extended well beyond those classes which we have just referred to. For example, we are certain that the N.E.S. could very successfully develop special placement activities in other markets, such as domestic labour, which is very poorly organized throughout Canada, and seasonal labour, which requires a special rhythm of operations. It is remarkable to see that, although geographical and occupational markets exist, the placement services have been almost exclusively organized on a geographical basis. Placement officers could be made responsible for developing placement activities to fit the occupational market. In this way the N.E.S. could derive great profit from the direct support of management and labour and other industrial parties. In the more important cities, these occupational markets are sufficiently

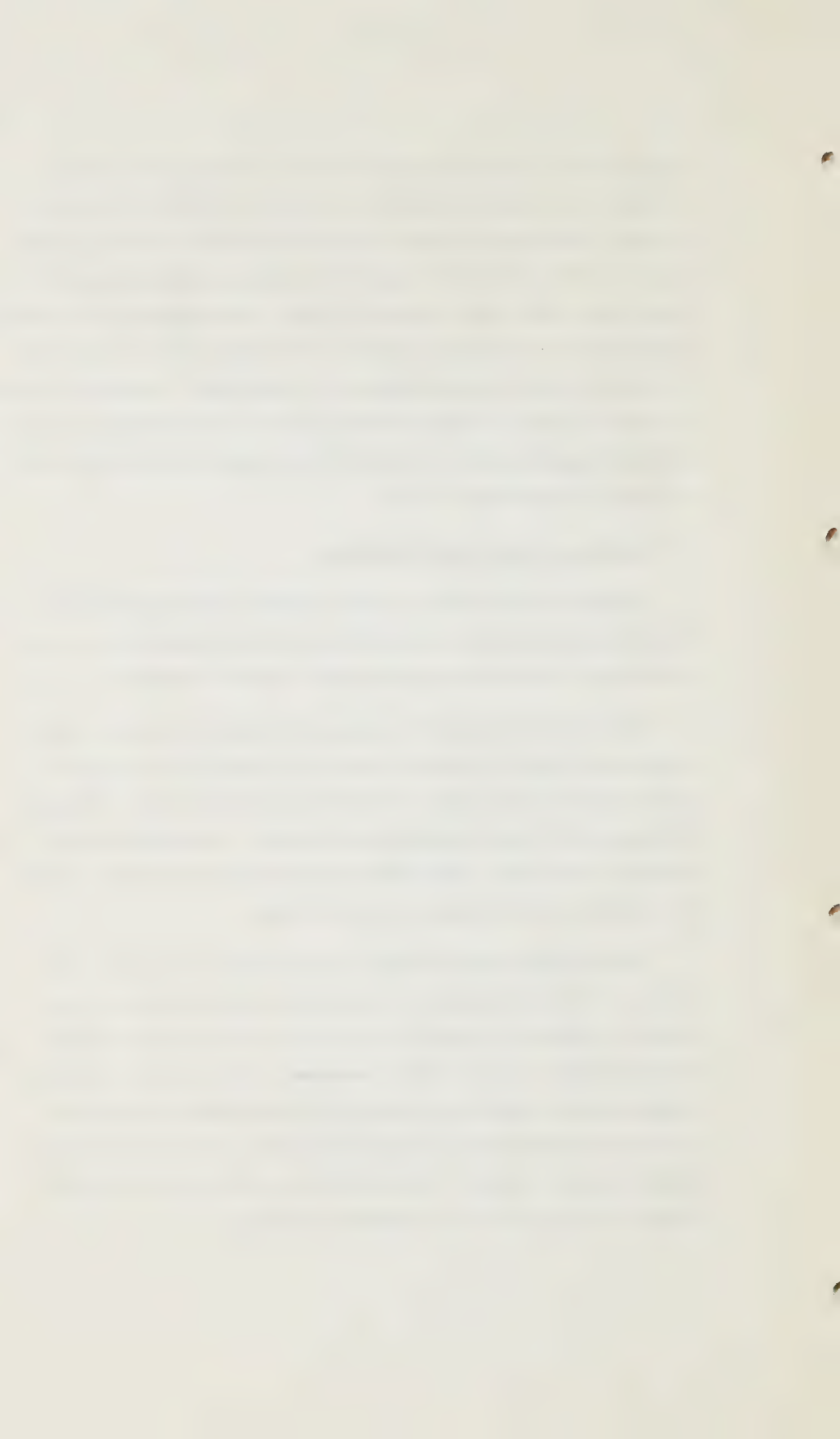
large to justify continuous placement activity. Consider, for example, the value of a placement service for the building or electrical trades in Montreal. Outside large cities, occupational placement could be organized regionally, with the officers responsible for placement exercising jurisdiction over several local employment offices. The organization of placement by occupational or industrial categories would enable the N.E.S. to extend its activity beyond the mere placing of the unemployed. It would also force the N.E.S. to make its authority felt in the field of vocational instruction and retraining programmes, in which shortsightedness, restrictive practices and lack of co-ordination are rife.

3. Knowledge of Labour Market Conditions

As we have said above, one of the essential functions of the N.E.S. is the collection, analysis and interpretation of labour market data, and the circulation of these data among the public as widely as possible.

The volume of the manifold placement activities of the N.E.S. should constitute in itself a first-hand source of information for the study of the markets at a given moment. Unfilled vacancies are a direct indication of these specific needs comprising labour demand. Job applications, on the other hand, reflect disequilibria in the various markets which are due to an excess of labour supply over labour demand.

These sources cannot be fully utilized in their raw state as they could be if efforts were made to organize and interpret them and to use a method of presentation appropriate to the needs of the public concerned. These statistics could very well be organized on the basis of the various geographical and occupational markets, and their presentation could be supported by analyses taking account of the previous situation in a given market, manpower movements in adjacent markets, and the general economic trends which might affect these manpower movements.



- 11 -

Besides making these studies of the various markets at a given moment, the N.E.S. should be able to supply the public with detailed forecasts on the short-term and long-term trends in these markets. Forecasting is necessary to the N.E.S. itself, if it is to do effective placement work and guide occupational and geographical labour movement in the light of the prospects of short-term and long-term demand. The individual who changes his type of work or buys a house in another locality makes forecasts spontaneously. The interest of the economy definitely requires that these individual decisions should be enlightened by the best possible forecasts. Apart from that, such studies are absolutely indispensable to public decisions concerning the structure and size of vocational training programmes, housing credit policy, public construction programmes, etc. These forecasts should cover particularly the volume and structure of future demand for labour, the demographic and ecological outlook for the working population, and possible labour surpluses or deficits by region and occupation.

These studies should be very widely circulated, and this is perhaps the most important aspect of the N.E.S. programme for combating ignorance of labour market conditions. There are two conditions for effective circulation of information. Firstly, the published information must be so organized and presented as to be readily comprehensible and serviceable to those who will use it. Therefore, the information must be presented in such a way as to show its relation to local markets, industries, economic regions, occupational markets and the economy as a whole. These publications must highlight all the data which are significant for these various categories and not disperse them through voluminous tables of statistics and publications. The public must be provided with tools which are simple and complete in the information which they convey and meaningful with regard to individual decisions. In this respect the present publications of the Department of Labour are far from adequate. Secondly, care must be taken to present these publications in a form which satisfies the best standards and techniques of modern publicity. Channels of circulation can be provided

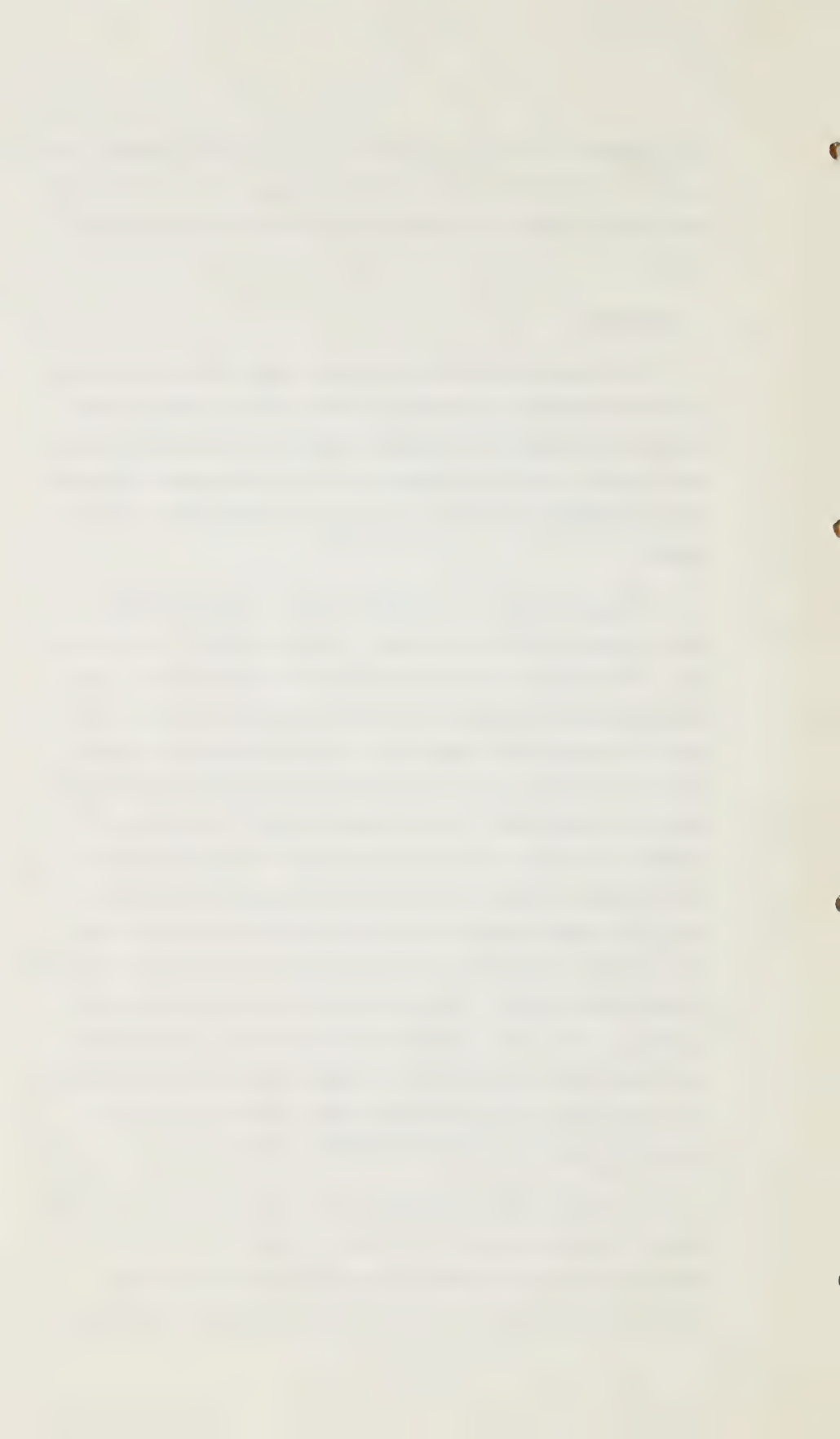
by the network of local N.E.S. offices, a base for contact with the public, and which by covering the whole territory, reaches a broad section of the public and the institutions involved in the functioning of the labour market.

4. Conclusions

An efficient employment service needs complete and up-to-date files of job vacancies and of applications for work. The complete and rapid coverage of new openings in extremely diverse sectors constitutes undoubtedly a difficult task but in the absence of its fulfillment it may happen that an employment service could play only a peripheral role on labour markets.

Knowing vacancies and applications for work, placement officers have to relate the one with the other. The usual practice is that officers make a pre-selection of possible candidates for jobs available. In an efficient service this pre-selection must be made very strictly on the basis of the criterion of competence. But even if this norm is really applied, an imperfect coverage of vacancies and applications will greatly weaken the effectiveness of an employment service. If vacancies are insufficiently covered, the range of choices for the applicants will be unduly limited and there is a possibility that competent applicants will not use the service because it records rather less desirable jobs than such applicants would expect. On the other side, a clientele of applicants composed almost solely of unemployed persons will deter employers from resorting to the service. Employers are always looking for employees of first quality and, unless there is structural unemployment, such employees have usually got a job. Mobile people should therefore be induced to register as applicants at a national employment office.

An efficient service must participate deeply in the economic operations of the labour markets. As it will be apparent from data in the following pages, dynamic changes in the Canadian labour markets are numerous and significant. In such a context, an employment service must,



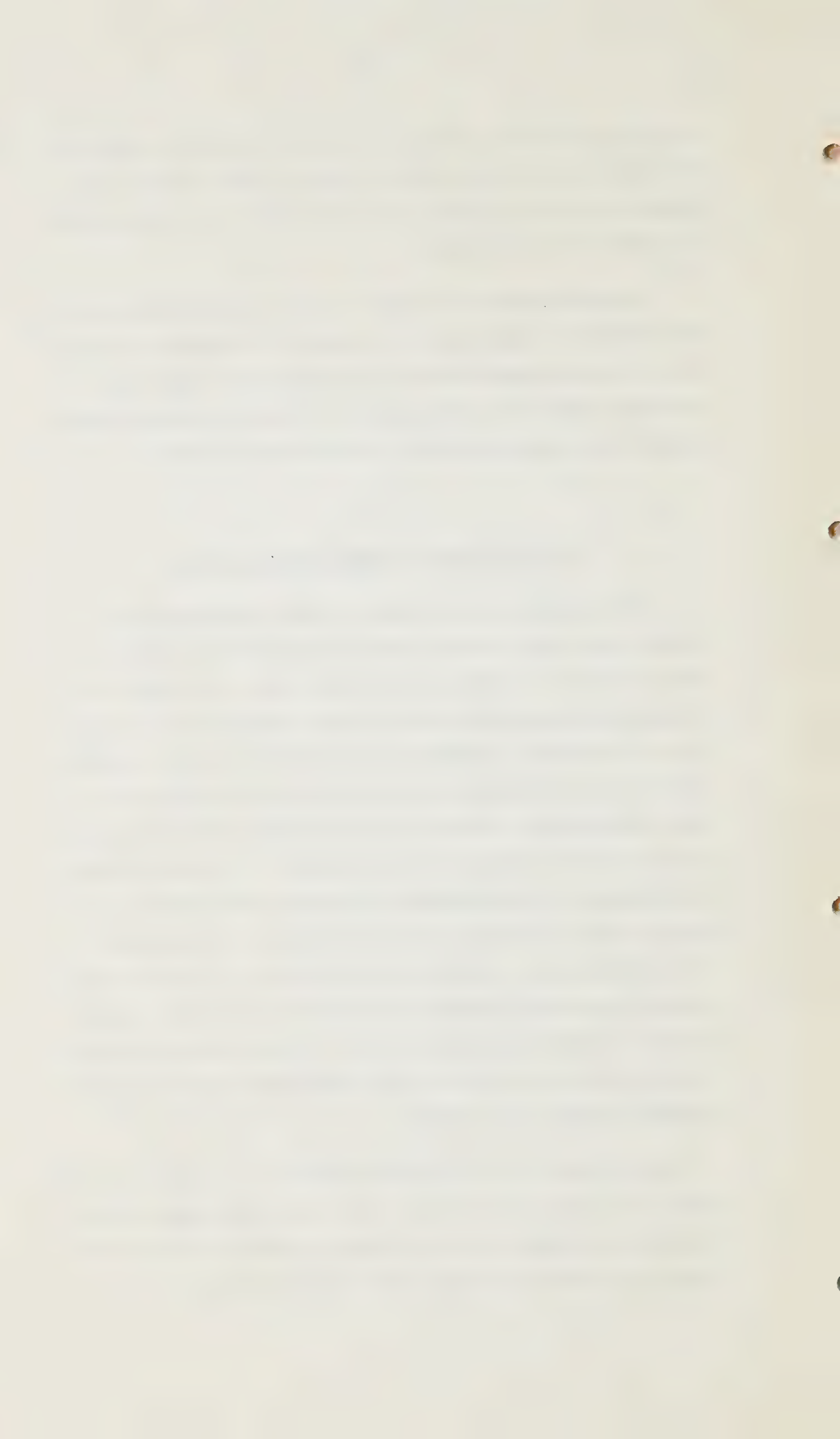
to operate efficiently, anticipate such changes to be able to adjust to their impact. To anticipate dynamic changes in labour markets, heavy reliance on research and formal forecasts on labour force trends and manpower requirements are required.

Placement operations and manpower research require skilled people whose talents are highly priced in the market. An elementary knowledge of the working of markets forces one to conclude that, despite good intentions, people will not be attracted to these jobs if their relative salaries do not take into account the value of their services.

II. THE NATIONAL EMPLOYMENT SERVICE IN CANADA

In the preceding pages we define the ideal objectives of good placement work. The conditions under which placement work is done in Canada, the quality of public institutional action in this field, and the improvements which can be made to improve institutional performance will now be examined. This critical evaluation will be mainly concerned with the National Employment Service, which has been and still is the main placement agency in Canada; but we must emphasize that this analysis is not intended as a judgment upon the management of the Service or upon the efficiency of the administrative organization of the Service. An agency of this kind is hemmed in by limitations which can decisively affect its efficiency. We will speak quite plainly: if there are considerable discrepancies between the ideal model outlined above and the reality of the National Employment Service in Canada, the prime responsibility is to be laid at the door of the unbelievably limited financial resources available to the Service.

The introduction to this critical examination will consist of a brief review of the historical development of the National Employment Service; it is useful to proceed in this way because the present situation of the N.E.S. can be largely explained by its historical development.



The present form of the National Employment Service, as an agency administratively linked to the Unemployment Insurance Commission, dates from 1940. During the war, however, the N.E.S. was, through the Minister of Labour, responsible for applying the National Selective Service Policy. The obligation on the part of employers to register their vacancies with the Service made the latter responsible for the allocation of manpower resources, and placed it in close contact with the labour market mechanism. Manpower needs were satisfied according to priorities established by the Service in conjunction with the other governmental agencies. This function of control and compulsion did not fail to create dissatisfaction, which explains in part the considerable decline in registrations when the voluntary character of the Service was restored in 1946. In the immediate postwar years, there was even staff reduction and the Service was considered almost exclusively as an inspection agency in relation to the granting of unemployment insurance benefits.

From 1950 to 1957 there was no increase in the resources of the Service; nevertheless, it managed to increase the number of its placements. A feature of the period was almost continuous full employment and the absence of any serious structural unemployment. The market mechanism seemed to be doing a reasonably good job in allocating manpower, and unemployment insurance benefits decreased the burden of other types of unemployment.

As a consequence of these conditions there were no strong pressures for the Service to play an extensive role in the market and assume important responsibilities in general manpower policy. The N.E.S., therefore, turned its attention to the development of special placement (the handicapped, refugees, young people) and auxiliary services such as guidance and rehabilitation; the executive and professional section also dates from this period.

In 1957, the Minister of Labour took action to re-emphasize the primary function of placement work for the main groups composing the labour force. This development can be explained by the greater degree of underemployment and the appearance of structural unemployment; the N.E.S. was

once again called upon to play a central role in the labour market. Much greater attention was now given to the search for vacancies; employment officers were called upon to devote themselves to this search and to the work of placement itself and were as far as possible relieved from all insurance work. During these years staff was increased and the requisite qualifications were raised. The N.E.S. was put in a better position to offer satisfactory service to employers.

How do the outlines of this development appear in relation to the problems confronting the N.E.S. in 1962? The Service is faced with the very large task of playing a central role in labour market operations. It must, above all, channel its activities towards placement, as a constant activity in all labour markets rather than providing help to peripheral groups. The Service has basic facilities and experienced personnel for the task; but it is handicapped by the fact that for several years past it has been unable to increase its staff and satisfactorily develop its administrative teams, because of the limited resources provided by the government. It is moreover an administrative agency of considerable size, with a staff scattered throughout a large number of offices. The administrative efficiency of such an agency, if it is to play a more important and more difficult role, makes it particularly necessary to have first-class administrative personnel to provide links between offices. The development of such personnel has been made very difficult by the policy of the Civil Service Commission on N.E.S. salaries. Another condition is also necessary: the procedures for evaluating the quality of placement operations and other N.E.S. activities should be applied carefully. The parsimonious attitude which deprives the "Analysis and Development Division" of any large staff, prevents continuous evaluation of efficiency in specifically administrative matters.

A further condition is required by the involvement of the N.E.S. in the very center of the labour market. The N.E.S. should have at its disposal results of research on the composition of the labour force, the dynamic changes which affect its composition, mobility characteristics, etc; up to now few research projects have been undertaken and they tend to deal with

large aggregates. Besides the statistics prepared by other federal agencies, very useful data could be obtained from the considerable material in the files of the N.E.S. and the Unemployment Insurance Commission; the smallness of the research staff in the Service and the administrative division between the Service and the Bureau of Economics and Research of the Department of Labour are to a large extent responsible for the meager results obtained in this field.

The foregoing conclusions are simply a reflection of the opinions of the heads of the Unemployment Insurance Commission, the N.E.S. and the Senate Special Committee on Manpower and Employment. We will now see in a more detailed and precise fashion the specific problems which indicate a perceptible divergence between the model described above and the reality of placement work in Canada.

B- Procedures and Methods

Certain procedures are adopted for placement work by an employment service regardless of the volume of work done. We can therefore give brief attention to the problem of procedures before we examine the penetration of the N.E.S. into the labour market.

The first procedural step in any placement work is the registration of available vacancies on the one hand and of applications for vacancies on the other. This step is not as uncomplicated as might be thought at first sight. Efficient and rapid service requires very exact job descriptions and thorough knowledge of jobs and occupations and the constant changes made in them. The Service has used the United States Dictionary of Occupational Titles to standardize the operation. But the operation should not be purely routine. Constant research is necessary to keep an occupational dictionary up to date; and this research is done carefully by the N.E.S. which has drawn up a Canadian Supplement to the American Dictionary.

The N.E.S. has a very clear policy in selecting candidates for a job; its principal criterion of choice is that of the competence of the candidate determined by his personal education and work history and the chances which

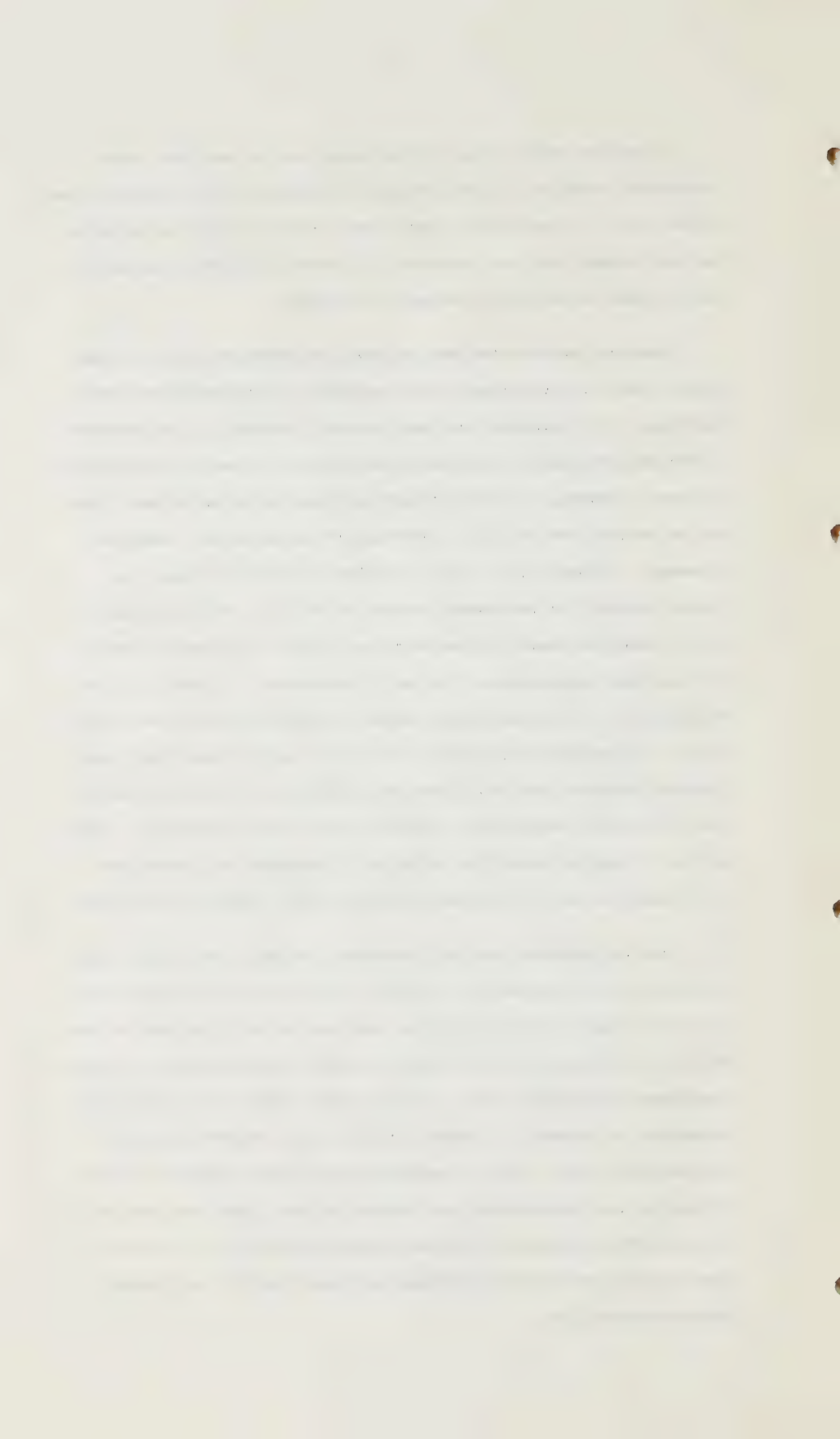
his character or special talent give him of succeeding in the job in question. The heads of the N.E.S. insist that the application of such a criterion is vital to the Service; because it is this factor which will determine the willingness of employers to use the Service over the long period. Employment officers must not, therefore, exercise any systematic preference in favour of recipients of unemployment benefits. It is recognized however that the selection of candidates does bring other criteria into play, such as the time elapsed since the registration of the applicant's request for work, the period of unemployment, family responsibilities, and the closeness of the available job.

The application of the criterion of competence poses several problems. Perhaps we should have given this matter more attention, but we think that only a rather thorough sociological study would reveal whether there is any serious discrepancy between an official policy and the actual behaviour of employment offices. The following aspects will be emphasized. Recent history and practices resulting from it have certainly produced effects which are not yet completely obliterated. Until very recently employment officers, except in large urban offices, worked for the Unemployment Insurance Section and were subject to the direction of a superior in charge of the section dealing with unemployment insurance and the section dealing with placement; and it is natural for an unemployment insurance office to try to reduce benefit payments by finding work for recipients, so that there has been subtle pressures on the employment officers to make them aware of this fact. It is possible that they have developed a set of informal criteria which they still apply both by habit and because of loyalty to the objectives of unemployment insurance, which consist in the payment of benefits only if there is no vacancy for the recipients. Moreover, the selection is made from among workers registered on the books of the Service. Up until very recently the great majority of these persons were unemployed, and, in the absence of structural unemployment, they could be quite consistently of poorer quality than the workers usually employed by businesses with available vacancies.

It follows that in these circumstances, even an excellent system of selection could not be complete proof for employers of the effectiveness of the N.E.S. In the course of very recent years the basis for selection has been widened, and good selection by placement officers can appear definitely more satisfying in the eyes of employers.

Once the candidate has been selected for placement, the employment officer brings him in contact with an employer, if the job offered seems suitable. If the selection has been done well, referral of the candidate to the employer should be followed by employment, at least in the majority of cases. However, it is the employer who takes on the worker and it cannot be expected that all N.E.S. referrals of candidates will result in placement. The data of the N.E.S. show that in 1953 the hiring of a worker required 1.36 references, whereas in 1960 this ratio had risen to 1.53. There are several factors which can explain the increase, such as more exacting requirements on the part of employers in a period of under-employment, or an increase in the number of candidates who did not really want to work but had to accept the work test in order to keep their unemployment insurance benefits. Increasing efficiency of the Service should reduce this ratio despite more difficult labour market conditions. It may be that the application of the criterion of competence has become less strict with the growth in number of registered applicants for employment.

When the candidate has been introduced, the employment officer must check to see if a placement was actually made. A difficult problem lies in the fact that if the job which was considered suitable has been refused, steps must be taken to stop the worker concerned from continuing to receive unemployment insurance benefit. The employment officer is no longer a job counsellor, he becomes a policeman. The N.E.S. has reservations about assuming such a role. It is in contradiction with the objectives of the Service and requires knowledge and talents different from those required for successful performance of the employment officer's job. It is also time-consuming and employment officers are less effective than trained adjudicators would be.



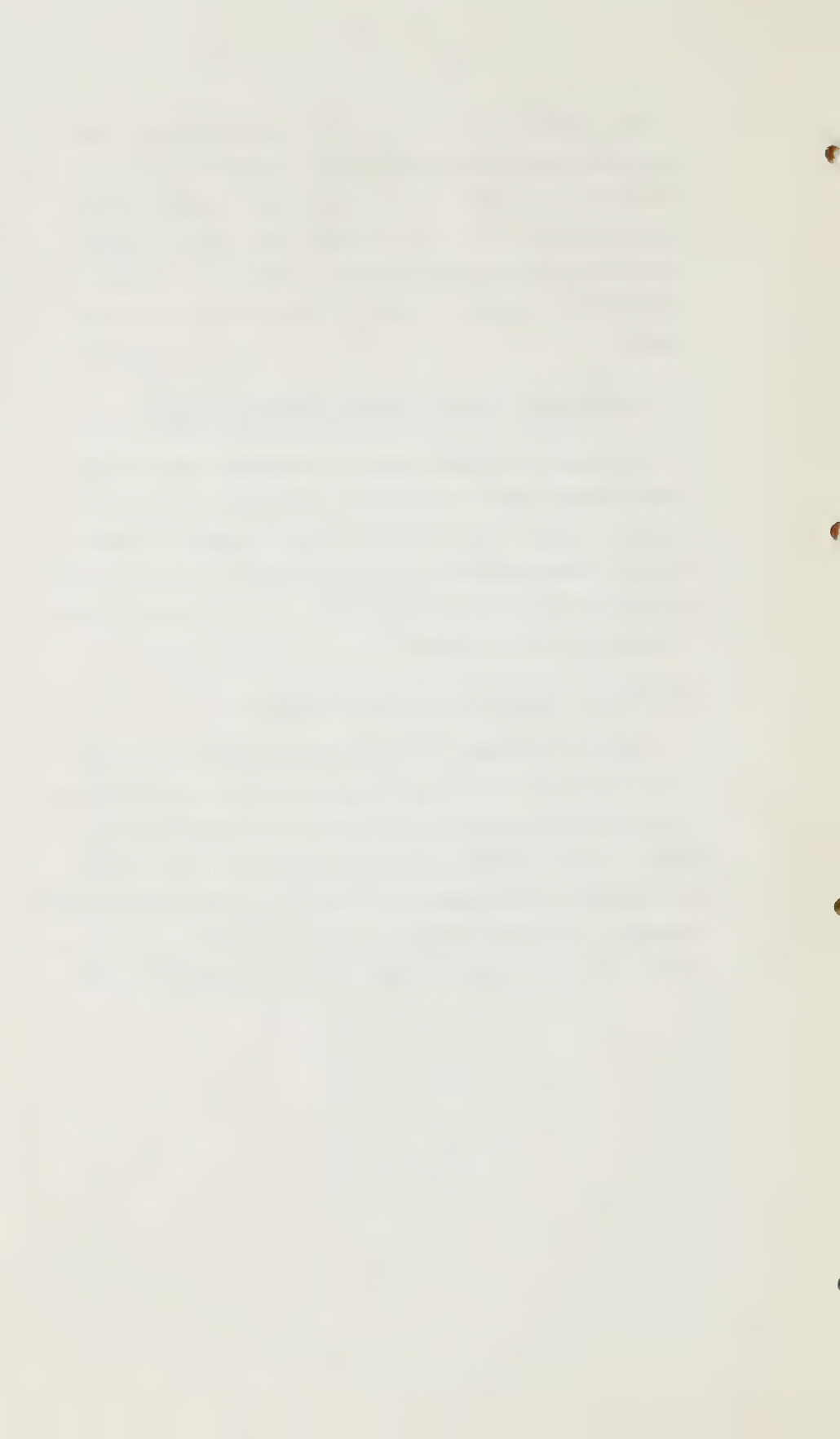
The placement procedures of the N.E.S. are quite adequate, they are applied carefully and reflect the long experience of the Service. However, the improvements which have been made are the result of experimental groping rather than first-class formal methods of research into the administrative performance of the Service, the efficiency of its staff and its operating problems. Such research has to be forthcoming.

C- The Evaluation of Manpower Files and Placement Operations

In evaluating the effectiveness of the manpower files of an employment service, there are two factors to be considered: the first is the extent of their coverage, and the second, the degree to which they are used. Comprehensive files would be of only symbolic value if employers and workers did not make full use of them to find staff or jobs. These two aspects will now be examined.

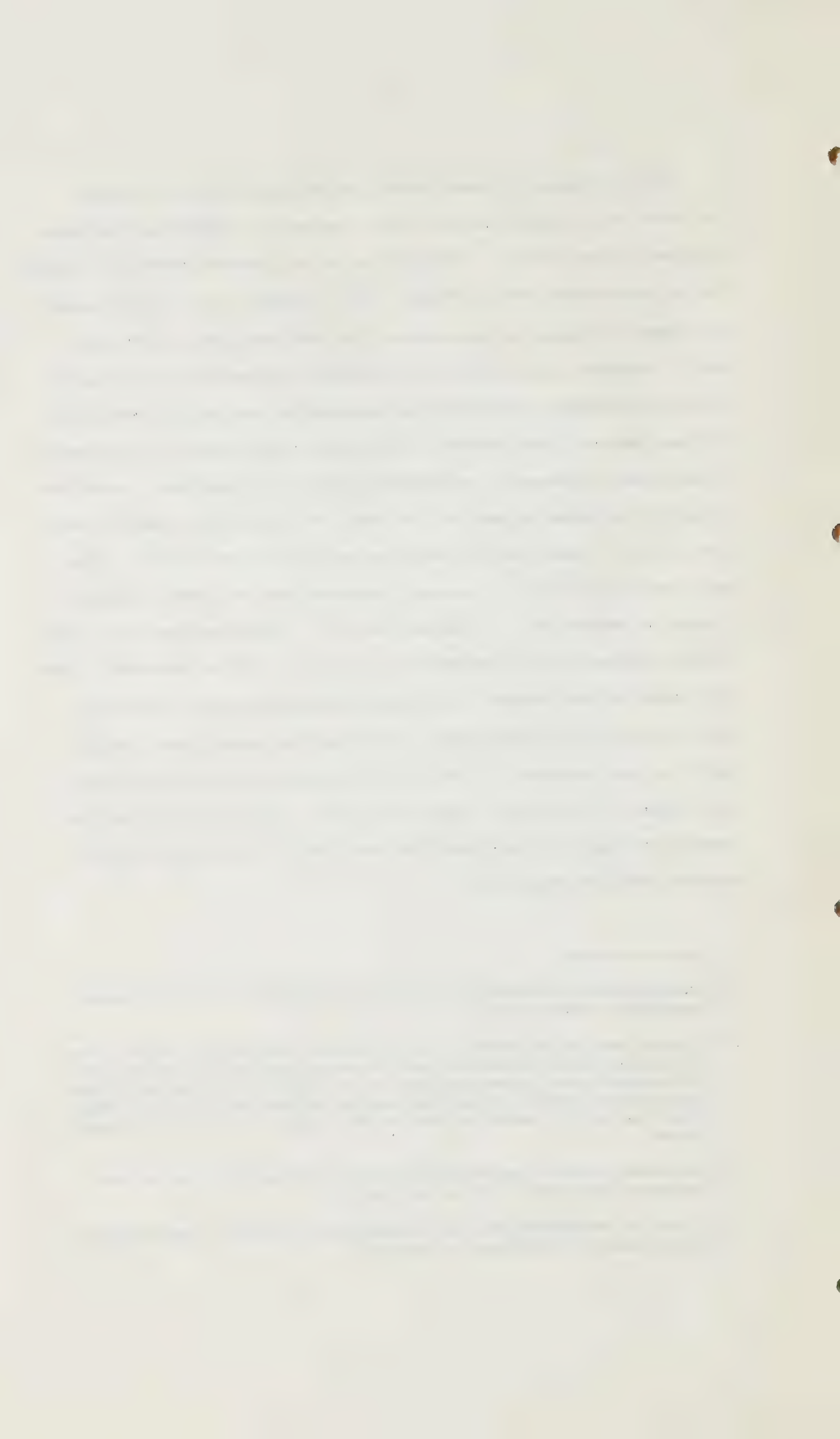
1. Extent of Coverage of Vacancies and Applications

Complete files covering the labour market in an economic or administrative region should include the great majority of vacancies which business firms wish to fill and the applications made by available job seekers, whether unemployed or wishing to change their job. We shall see first of all whether employment officers do know and register available vacancies in the Canadian economy, and then we shall find out whether the workers do inform employment officers that their services are available.



Not only laymen, but even professional economists, fail to realize the extent of the dynamic movement which creates and simultaneously destroys employment in our economy. Data published by the Dominion Bureau of Statistics for the period March 1960 to February 1961¹ inclusive, show that the number of hirings² expressed as percentage of the total paid jobs, was 71.2 per cent.³ Therefore, about 3,000,000 to 4,000,000 hirings take place annually. A certain proportion of these hirings represent the re-hiring of workers who had been laid off. Some sectors require many hirings without any net creation of employment; for example, the building and forestry industries: every time a construction worker appears on a new site, he is re-hired; often the work-period is very short, and the result may be that the same worker is hired many times in one year. The seasonal industries are an important source of hirings and separations. It remains true that a high proportion of all these hirings represents, in all probability, not the re-hiring of temporarily laid-off workers but new hirings.⁴ A National Employment Service, with more or less complete and up to date files, should list the greater portion of the available jobs; otherwise, it would be in no position to guide job seekers, who register at its offices, towards these jobs. Over the long period, the quantity and quality of applicants for work which the Service can refer to employers would be diminished.

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- (1) Dominion Bureau of Statistics, Hiring and Separation, Rates in Certain Industries, February 1962.
 - (2) A hiring must not be confused with a job and especially a new job. When an employer hires somebody, he gets a new employee to fill a given job; if he resorts to a former employee, it is a rehiring. There can be many hirings in an economy without any creation of new jobs if people change jobs often or if a number of jobs are of a temporary, not of a permanent nature.
 - (3) The survey covers 65 per cent of the active labour force and includes government employment which is very stable.
 - (4) It must be remembered that new hirings mean the hiring of new employees, not necessarily the opening of new jobs.



What quantitative measures can throw some light on the extent to which the Service and its officers are aware of available employment? A preliminary yardstick is the patronage given by employers to the Service; this measured as the number of employers who have registered their vacancies with employment offices, expressed as a proportion of the total number of employers who have hired workers during a given period. A report of the "Analysis and Development Division" of the National Employment Service shows that, for the period September 1960 to February 1961, the patronage was 65 per cent for urban employers, and 35 per cent for the rural sector. However, this measurement is only of limited significance, for an employer can refer a vacancy which is hard to fill and make a high number of hirings directly. Therefore, the trend in vacancies reported to the offices of the National Employment Service is more revealing. For the period 1954 to 1961, the total number of jobs registered by employers was as follows:

1954	1,088,320
1955	1,232,973
1956	1,425,620
1957	1,119,538
1958	994,639
1959	1,175,831
1960	1,128,922
1961	1,305,653

Source: The Labour Gazette, Department of Labour, Labour Statistics Table D-2.

The trend in these data reveals that fluctuations in registrations by employers move with cyclical fluctuations in employment, except perhaps in 1961, in which year the absolute number is high and may show some discontinuity in the trend; it is true that 1961 was a recovery year, but it is also true that the recovery in employment was less marked than in 1955-56. The number of jobs reported to the N.E.S., in relation to the total number of hirings calculated by applying hiring rates to the total labour force, works out, for the year 1960, at about one third of all hirings made during the year.

The primary instrument for learning what vacancies are available is the spontaneous registration of these vacancies by employers at the offices of the N.E.S. Several factors may explain the low proportion of vacancies reported to the N.E.S.: employers communicate their manpower needs to their present employees or to those whom they have formerly employed; they prefer to hire people who appear in person; or to make use of go-betweens whom they know personally. Often, employers may conclude that the job-seeking clientele of the N.E.S. is not very good because most of it is already unemployed. Employers make use of other formal employment media, such as private agencies and press advertisements. It would seem that the use of these instruments has become more widespread in recent years, for the number of private agencies has increased and the pages of newspapers occupied by employment advertisements have not decreased in number; it would therefore be possible for the N.E.S. to get a better patronage.

But the N.E.S. does not actively wait for spontaneous registration of vacancies by employers; employment officers, or in metropolitan centres, the officers responsible for placement work, get in touch with employers in order to learn their manpower needs, the vacancies existing at a given moment, and those which may become available in the future. This work is expensive in terms of time and staff, but the authorities of the N.E.S. consider that it is spent to very good purpose, and they try to increase the number of such visits to employers. In 1959, there were 271,423 visits and in 1960, 281,920, an increase of 3.9 per cent; from January to October 1961 there were 257,890 visits, or if we project for the whole year, 309,468, an increase of 9.8 per cent. This increase in formal contacts with employers is the counterpart of an increase in jobs reported by employers to the officers of the N.E.S.; it seems apparent that more efforts on the part of placement officers are rewarding in the sense that more vacancies are listed by employers.

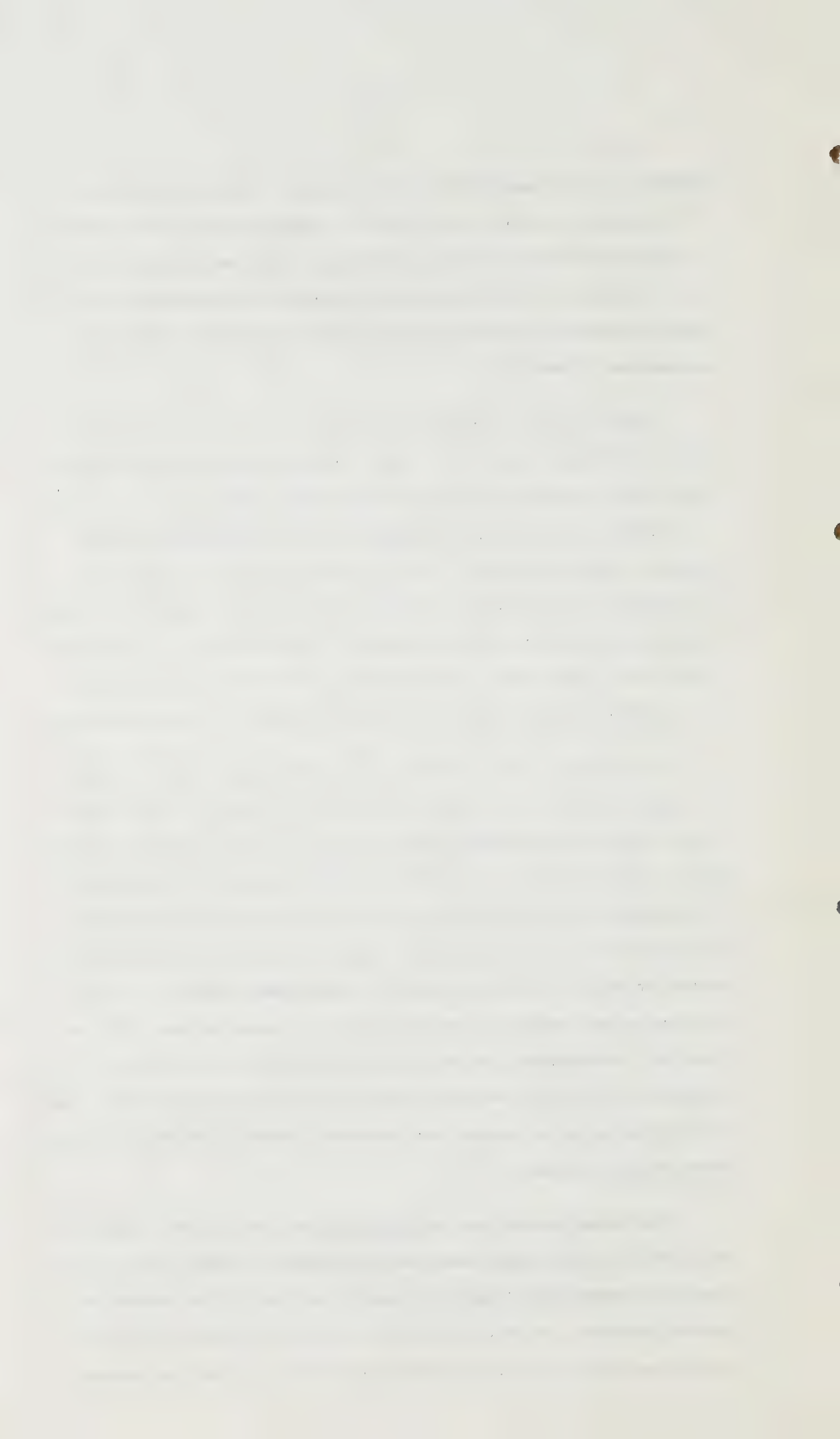
Another device used to acquaint the N.E.S. with the trends influencing the availability of jobs is the semi-annual survey of "Hirings and Separations"

carried out by the Dominion Bureau of Statistics. The N.E.S. makes use of the material produced by the survey to compare the list of jobs offered by individual employers and the registrations which they make with the N.E.S. In cases of marked discrepancy, especially in sectors with increasing employment, contacts are made with the employers to offer them the services of the N.E.S.

There are other techniques which could be used to learn the characteristics of labour demand. The trends revealed by the statistical analysis could serve to discover sectors of growing labour demand, and, on this basis, the available services of job applicants could be systematically pushed. Employers could be asked about their manpower intentions by means of surveys similar to those covering the investment plans of businesses. Finally, it might be possible to require employers to inform the N.E.S. of vacancies by means of a simple form. This would make possible the accumulation of more complete and useful data on the dynamic movements in the labour force.

The clientele of job applicants is not made up of people who come to the offices of the N.E.S. to look for a job in the same way as they would come to any type of employment agency. The N.E.S. has an automatic clientele, made up of applicants who, in order to receive unemployment benefits, must be recognized as being available for work and are automatically entered on the list of the N.E.S. It seems that about 80 per cent of the persons appearing on these lists are recipients of unemployment benefits, or at any rate are insured persons who may or may not have exhausted their right to benefits. The uninsured persons who make up the present or potential clientele of the N.E.S. are persons whose annual income exceeds \$5460 a year, civil servants, school teachers and professors, women in domestic service and other excluded personnel.

High-income persons, who are ipso facto uninsurable, are included by the Service in the category executive and professional labour. For the purposes of placement work itself, the group is included in the category of special placements; we shall have more to say on the efforts of the N.E.S. in this respect. The N.E.S. has made real efforts to obtain information



strictly for the purpose of knowing the actual and potential supply of executives and professional manpower; but the emphasis has been put more on young people in this class who come onto the labour market after they have left the institutions which gave them their higher training. Less attention has been given to persons who already have a job but who could improve their situation and their productive contribution if they were to change their job. Yet, the effective operation of the Service in this market of potential supply would have not only the direct result of improving the productivity of the manpower in question, but also indirect effects of great importance; it would modify the attitude of employers towards the Service, because it would bring them into contact with experienced or highly trained applicants and so make them aware that the N.E.S. can be very useful to them, inasmuch as its market is not limited to unemployed persons without special skills. In time, moreover, workers and employees would learn that the N.E.S. is not an agency solely concerned with finding jobs for the unemployed, but one which can offer very useful services to all categories of persons in the labour force.

Little attention is given to the supply of civil servants, because governments have their own employment organizations. We are, told however that there is in Ontario an interest in the supply of municipal public servants. Much the same position is taken regarding professors and school teachers, on the ground that the markets for their services are essentially local and regional. We consider this statement questionable: thorough investigation of the available resources in these markets would be extremely useful to local or regional authorities which are making plans for school activities and development. As for domestic service, it is said that the supply is completely non-existent in urban and particularly in metropolitan centres; and yet, individual experimenting with advertisements in the newspapers brought to light a fair, or even a very large quantity of answers from women or girls interested in such work last winter in Montreal.

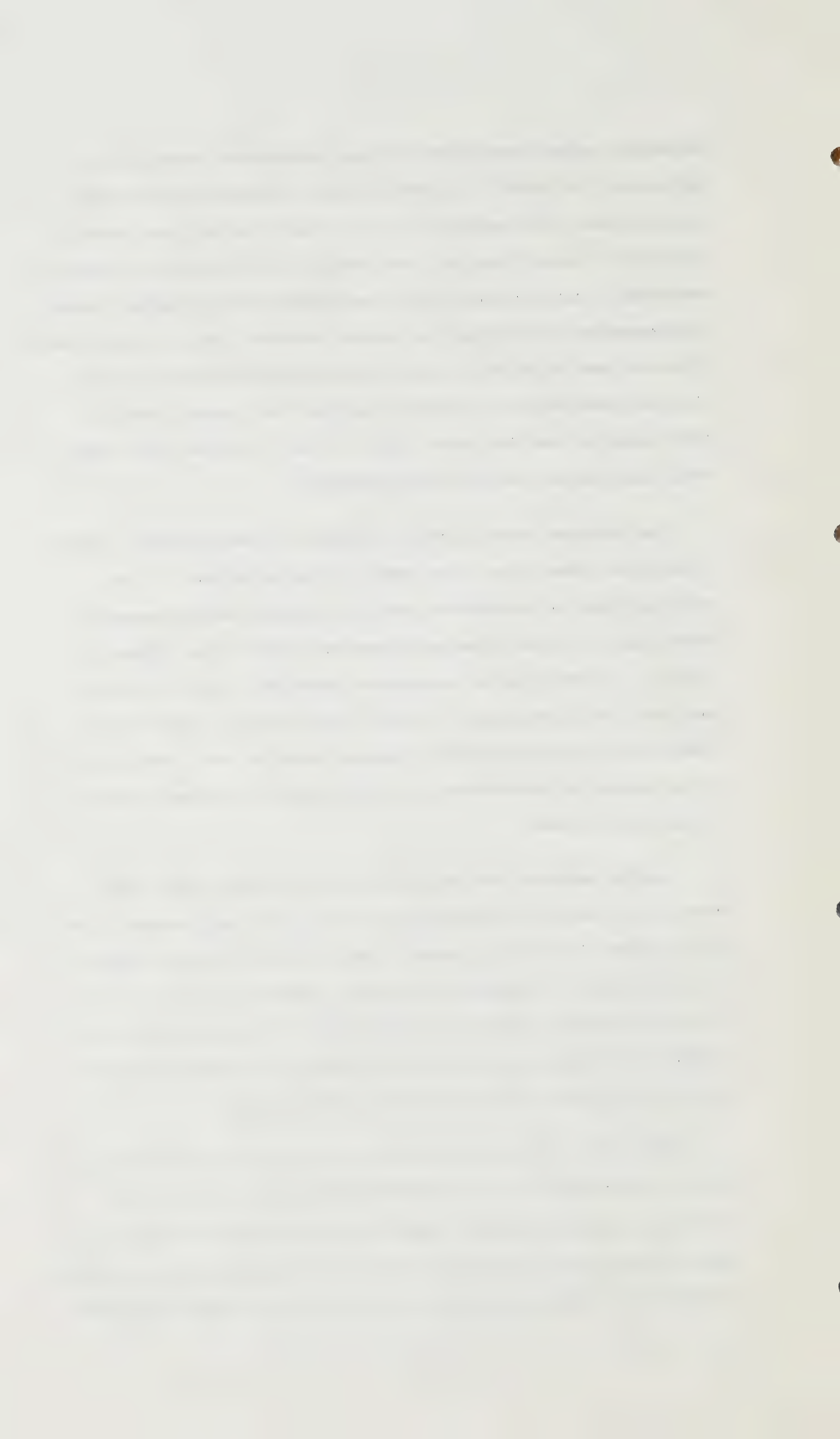
Through contact with teaching institutions, the N.E.S. has made a specific effort, in recent years, to learn the characteristics of the supply of young persons who are entering the labour market. At the

university graduate level there have been comprehensive surveys, and, furthermore, the files of the Service contain the names and the special qualifications of the graduate. At the secondary school level however, this work is certainly not very much developed and there is great potential usefulness in establishing a list of new entrants into the market, working in co-operation with provincial education departments and with school boards. This would make it easier to place these young people properly; it would also facilitate the work of guiding them into fresh channels, which is often desirable when they leave school or after their first job in which their experience may be more or less fruitful.

One technique which is used to discover the present supply of labour is commercial advertising in the press or on radio stations. It is principally used to discover the specific supply for certain vacancies which cannot be filled by persons already registered in the offices of the N.E.S. We feel that the technique of advertising could be used much more widely and aggressively; the N.E.S. could use the co-operation of these media of information both to announce vacancies and to invite employed persons and unregistered unemployed persons to come and register at the N.E.S. offices.

Another technique for giving information on future labour supply draws on the reports of massive lay-offs which are closely watched by the local offices of the N.E.S.; reports on such lay-offs are sent to regional offices and even to headquarters in Ottawa. Determined efforts are made to find alternative employment for persons laid off, either in the local market or in other regions, and for this purpose use is made of the N.E.S. system of circulating information about available labour.

The system of obtaining information on the labour supply could be greatly improved with a view to greater completeness. The information which the offices of the N.E.S. have concerning the insured unemployed and special groups such as handicapped workers is satisfactory; a more thorough listing of the supply of services available in certain groups is a needed



improvement and one which would lead to very much greater efficiency in the operation of the Service; such groups are the uninsured unemployed, employed persons who wish to change their employment, and young persons other than university graduates. Complete, well classified information of the supply of services would be an important factor in a comprehensive economic policy; economic development could be guided along lines appropriate to the available manpower resources. We emphasize that the use of statistical data on labour supply and demand is little developed and betrays a non-operational concept of the use of such data. Finally, information on new manpower could perhaps be obtained from institutions of learning which could prepare "blueprints" of present and future supply.

2. Placements

Placement officers do more than keep up files on the labour force. They are also intermediaries in placement activity. We will now look at the place of the N.E.S. in the activities of the labour market and see whether it is efficient in pursuing its goal, which is to bring together those who demand and those who supply labour so that they may conclude agreements for hiring.

The trend in placements made by the N.E.S. is a suitable yardstick for measuring the place occupied by the service in hiring operations and the increase in its effectiveness. The following placements have been made by the N.E.S. since 1956:

		Increase in %
1956	1,046,979	
1957	877,704	- 16.2
1958	840,120	- 4.3
1959	986,073	17.4
1960	958,400	- 2.8
1961	1,119,862	16.9

Source: The Labour Gazette, Department of Labour, Labour Statistics Table D-2

Variation in the number of placements is not solely linked to the efficiency of the action of the N.E.S.; it will be seen that placement

follows the same trend as fluctuations in economic activity. However, it must be noted that the decline in placements was very marked between 1956 and 1958. Since then, they have held up, and there was a marked increase in 1961, which probably indicates greater efficiency on the part of the N.E.S. and a deeper penetration into the operations of the market. In fact the absolute number of placements is a figure which tells us little; the N.E.S. has therefore calculated a "penetration rate" defined as the proportion of placements made by the N.E.S. to the total number of hirings in the economy. This rate indicates the relative contribution of the N.E.S. as compared with other employment agencies or the spontaneous operations of the market. Since 1947, the penetration rates of the N.E.S. have been, for the country as a whole, as follows:

Sept. 1947 to August 1950	21.4%
Sept. 1950 to August 1953	24.9%
Sept. 1953 to August 1956	24.7%
Sept. 1956 to August 1959	22.4%
Sept. 1959 to Feb. 1961	24.4%

From 1947-50 to 1950-53 there was marked progress; the subsequent period seems to have been one of relative stability, while during the years 1953-1956 the role played by the N.E.S. was apparently diminished; the decline in the number of placements which we have indicated above was not solely the result of employment fluctuations. However, since 1959 the rate has risen again to its level of 1950-1956. In terms of penetration the N.E.S. has made no progress since 1950; it has merely managed to consolidate its gains or reduce its losses. Yet, the supply of labour registered in employment offices has been much greater since 1956 and the complexity of demand has indicated that production is now based on a much more far-reaching division of labour and on a labour force which is gradually becoming more heterogeneous; this should have involved much deeper penetration by the National Employment Service.

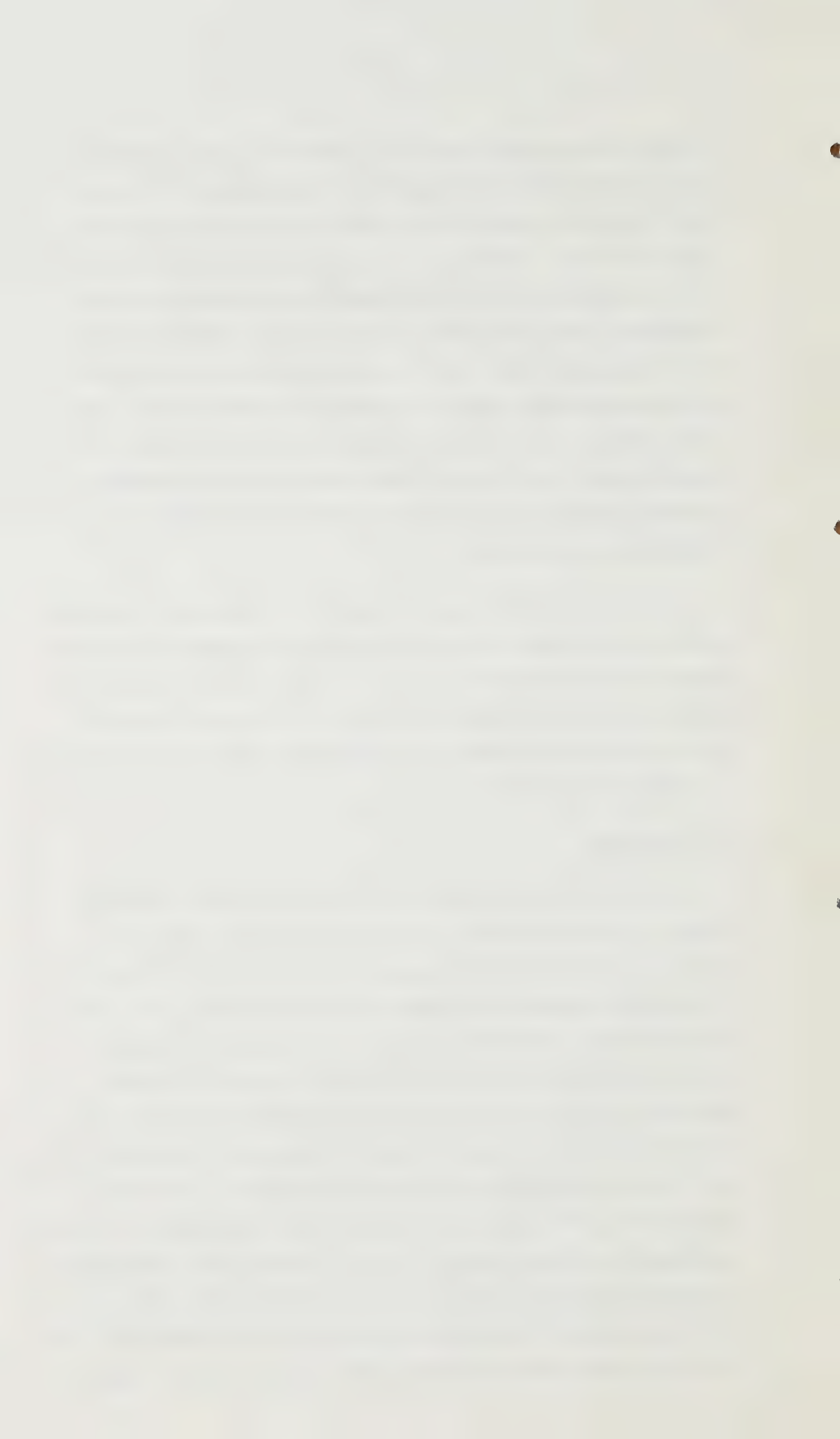
It is interesting to compare penetration rates for the 50's on a regional basis; the rate for the Prairie Provinces was about 30 per cent,

for the Pacific Region and Ontario, the rate varied between 25 and 30 per cent, while for Quebec it was below 20 per cent and reached this figure only in the period September 1959 to February 1961. These data give rise to two observations: firstly, it is not obvious that the penetration of the N.E.S. is severely limited by the scattered population and low degree of urbanization, because the highest penetration rate was achieved in the West, precisely the region where the population is relatively scattered and where manufacturing industry is almost absent; secondly, Quebec seems to be somewhat the "poor relation", which may be due to a limitation on the resources granted to the Service in this region, or to the procedures used which should not be a copy of those which have proved effective in Anglo-Saxon cultural milieux.

The problem of penetration rates seems to have been largely neglected; while there are important limitations to their use as yardsticks, they are nonetheless important indicators. What is decidedly lacking is any sort of research into the role played by the N.E.S., the place that it occupies in the business of job-finding and a serious examination of the possibilities of expanding its activities.

3. Conclusions

On the whole the role played by the N.E.S. in placement work is too limited, the penetration rates are too low, and should be greatly increased in order to justify the expenses of the Service. To this end, it is urgently necessary to increase the budget of the N.E.S., which has in the past been unbelievably restricted. An important element in enlarging the activities of the N.E.S. is better knowledge of the demand for labour. A systematic effort will have to be made to cover jobs which become vacant; the N.E.S. must not neglect whole sectors on the pretext that there are already placement "channels" in existence, or that past experience shows that there is nothing to be done. Rapidly changing economic conditions lead to rapid changes of demand in certain sectors (for example, institutional employers), and even if placement "channels" do exist, the N.E.S. can contribute the valuable assistance of an experienced agency which covers the labour market in the most complete fashion possible. Likewise,



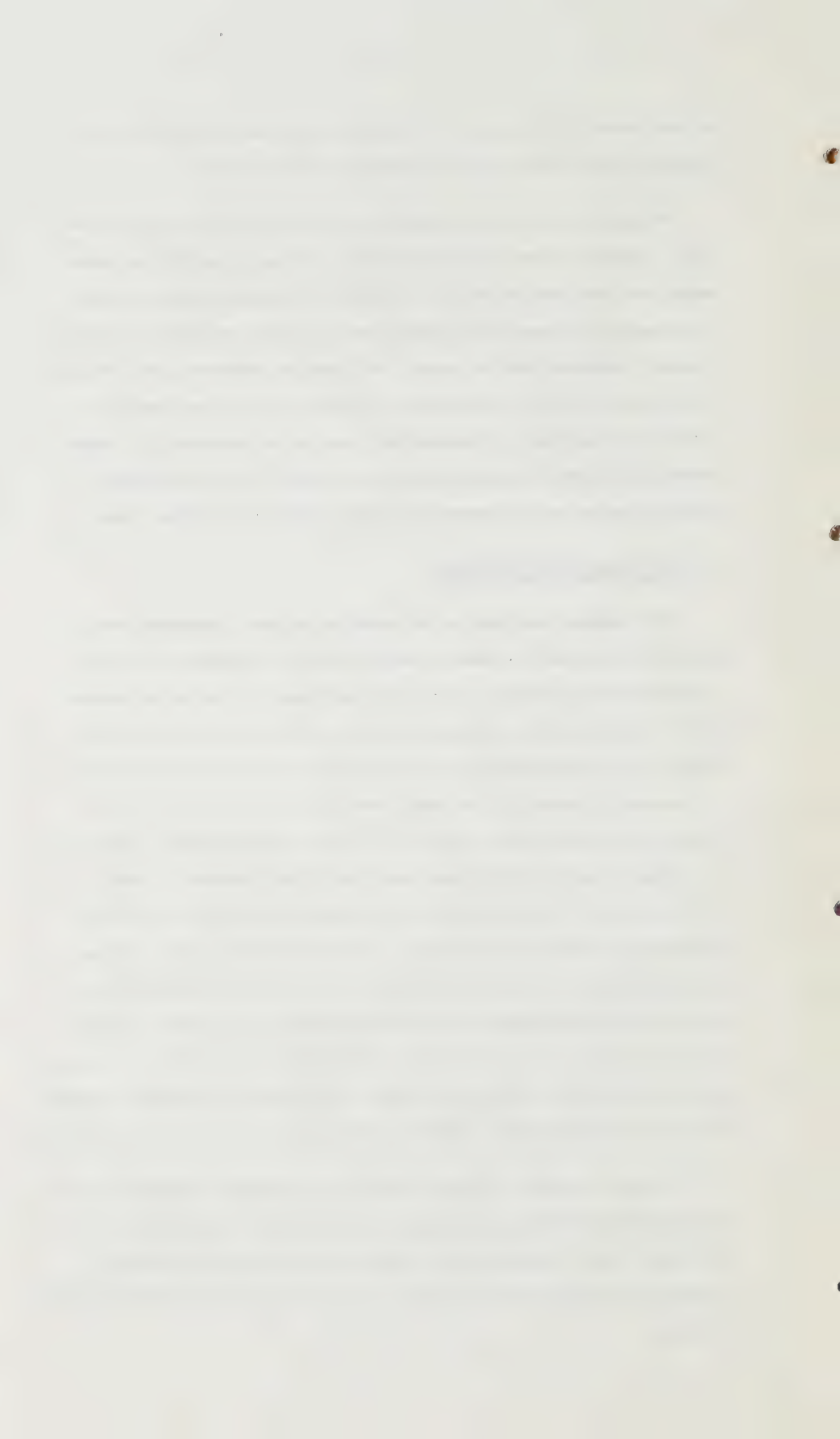
We must reject the hypothesis that because supply was very low five or ten years ago in certain types of work, it still is today.

The use of statistical data must be linked to the operations of the N.E.S. in terms of the latter's objectives; statistics containing labour market data are known to the N.E.S. staff, but for operational purposes use appears to be made of hit and miss methods which are decidedly primitive. Moreover, placement must no longer start from the conception that the people to be placed are in the same state as they were at the time when they registered for employment; placement will have to be integrated with labour rehabilitation and training, and for this purpose it will be necessary to have information on the present and future trends in the labour force.

D- Data, Research and Forecasts

The placement function, as indicated in the model developed above, is an important one in a modern economy since it contributes to the establishment of conditions proper to the improvement of market mechanisms so that the allocation of manpower resources will become more rational. Because of the imperfections of labour markets, a positive intervention is necessary to assure better market conditions; the activities of the National Employment Service constitute a kind of intervention. Counseling, vocational training or retraining constitute other instances. These activities are not performed only by governmental agencies but also by individuals, voluntary associations, school commissions, etc.. They aim at providing more information or better knowledge so that individuals can make better decisions and decisions more consistent with market conditions. Sound decisions about occupational or job choices are crucial in an economy with an increasingly specialized labour market because occupational transfers are costly and occupational decisions constitute essentially long-run decisions.

Improved knowledge of market conditions and adequate information about these conditions that reaches in an effective manner, the economic agents for whom it may be useful, will be based on statistical data, research studies and forecasts about the labour force, its composition and its dynamic changes.



1. Statistical Data

The data available will be briefly described and a critical examination of their content, of their dissemination and of their utilization by the N.E.S. will follow.

Data on the labour force in the whole country and in regions (provinces or groups of provinces) of the country are found in the "Labour Force" published by the D.B.S. and also in the monthly issue of the Labour Gazette. The data on the labour force are broken down according to age, sex, agricultural or non-agricultural sector, weekly duration of work, unemployment and duration of unemployment. "Employment and Payrolls" published by the D.B.S. contains employment indices about economic sectors and specific industries; these data are broken down according to sex. Distributions for provinces and metropolitan areas are included. The Labour Gazette reproduces these data.

The Labour Gazette also contains statistical information about unfilled vacancies and unplaced applicants gathered from data provided by local offices of the N.E.S.; these data are broken down by industries and occupational groups. A publication of the D.B.S. for the use of governmental agencies contains these data in a more detailed form in terms of geographical labour markets. Statistical information about trends affecting labour markets is found in three publications or reports: "Hiring and Separation Rates in Certain Industries" issued by the D.B.S. contains data on these rates in specific industries, data which are broken down by regions; the Labour Gazette publishes a report on the employment situation in a large number of labour markets and finally, the regional offices of the N.E.S. prepares a monthly bulletin on the employment situation in sectors and industries for the region concerned.¹

1. It is evident that the comments here are restricted to data on manpower; there is evidently a wealth of statistical data about wages, working conditions, etc.

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The extensive use of these data by private groups and even government agencies like the N.E.S. is handicapped by the aggregative character of these data, while market decisions are taken in identifiable and rather limited markets; relevant markets would be ones represented by industries in specific provinces or areas in a province or occupations within provinces and even metropolitan areas. The most disaggregated level is the one dealing with the industry in a province or a metropolitan area; even this represents only a partial coverage in terms of employment sectors and of employers providing data. The information of the N.E.S. about demand and supply of labour is partial since it is exclusively based on data contained in the records of the N.E.S., data which are non-representative especially in the case of labour demand. Another basic problem of the statistical information about manpower is that it is broken down on the basis of logical categories rather than on the basis of categories related to the economic variables like production and employment, inter-relations between changes in employment in different industries or occupations or in different markets.

The presentation of statistical information does not reflect pre-occupation about their operational utilization. To get a somewhat satisfactory picture of the situation in a specific labour market (even if such a market is a province), one has to gather data in masses of figures in different publications. Such a patient effort required from users limits the utilization of such statistical information practically to specialists. An effort should be made to increase the operational meaning and presentation of the statistics on the labour force, employment and unemployment. Such an effort would require a reassessment of the function and of the role of statistical information and in the case which concerns us, certainly a much closer integration of the agencies involved, that is the Dominion Bureau of Statistics, the Department of Labour and the National Employment Service.

Another point to mention is the probably limited circulation of the statistical information; circulation figures can even be misleading on this point since people can receive certain publications but not use them.

Statistical publications contain masses of data broken down in terms of logical categories and the Labour Gazette seems somewhat intricate. Another aspect is the lack of interpretation of the data and of research studies; we will come to this point in the next section.

It should be mentioned that, somewhat surprisingly, there does not seem to be an extensive use for operational purposes of the statistical information as such. Certainly N.E.S. officers resort extensively to the information about hirings and separations but as a way of identifying vacancies in individual firms rather than as statistical indicators. Statistical data could be used as a basis for information on changing weekly duration of work, on changing net rates of hirings in specific industries or areas. This information could be used by the Service to concentrate personnel and resources in these sectors and to learn about increasing demand so that referrals could be made to the whole sector rather than only to the employers who have reported on their individual operations. Moreover a serious and continuous use of statistical information would improve the knowledge of placement officers about the situation of labour markets, the changes that affect them and the relevant variables which generate these changes. Perhaps one can assume that the greater the knowledge of market dynamics by placement officers, the higher will be their effectiveness.

A few factors can explain this relative lack of use of statistical information by the N.E.S. offices or, what is worse, the resort to their own instruments of knowledge of the market which, as in the case of the "Summary Conditions of Employment" put out by regional offices, present a very imprecise and unscientific description of the situation in given labour markets. A first reason has already been indicated: the existing statistical data are rather non-operational in terms of knowledge of specific labour markets and of decisions taken in these markets. A second reason is the lack of knowledge of economics on the part of the officers; the minimum requirements for placement officers being high school graduation, the knowledge of economic variables and of their inter-relations is either absent or too difficult to absorb. Finally, the lack of research personnel not only in regional offices but even at the head-

quarters to put together and interpret statistical data and develop operational ways of using them certainly constitutes another handicap.

2. Research and Forecasts

Statistical information as such is not meaningful except perhaps for the experts. Data must be interpreted in research studies so that their meaning is developed for the non-expert decision-maker. Not much research has been done on manpower in Canada and we are not referring here to theoretical academic research; our knowledge of the empirical changes in the composition of the labour force in recent years, for instance, is limited or is based on superficial interpretation of rather aggregate data. The Department of Labour has published booklets on trends affecting scientific or highly specialized manpower and has made recently a good study of the effects of automation on the composition of the labour force. There have been many more studies on the characteristics of unemployment; but unemployment is the result of disequilibrium situations, and knowledge of the characteristics of the unemployed, such as sex or age distributions, is not very helpful in the search for ways to improve labour market operations or increase employment, except perhaps for objectives of macro-economic policy.

Two reasons can explain this lack of research: first, research is not considered in the whole as an important activity -- people and governments talk about it but do not allocate adequate funds and, second, the administrative division between the Economics and Research Branch of the Department of Labour and the N.E.S. has surely constituted a major obstacle to an integrated plan of research about the labour force. The carrying on of research would require, in the actual situation, complicated administrative agreements and a fair amount of duplication. Perhaps the ambiguous division of responsibility between the Economics and Research Branch of the Department of Labour and the D.B.S. constitutes another handicap; if the D.B.S. is the agency responsible for the collection of statistical data, it should handle statistical data about labour problems as well and the Department of Labour should concentrate on genuine research.

If research on actual conditions of labour markets is important for correct decisions, forecasts about future conditions of these markets are necessary since the relevant decisions, like occupational choices, are, as indicated in the model developed above, essentially of a long-run nature. It is surprising that agencies or boards can make investment plans in education, vocational training and retraining facilities without having some blueprint of the future structure of labour force. These very costly investments are actually now being made in Canada and one can wonder, without being unfair, if the agencies making the relevant decisions know what kind of training is important for the kind of people required by the jobs to be performed in the future in the economy.

No systematic forecasting of employment is actually made except a very short-run type of forecasting which is used for the elaboration of the monetary and fiscal policy of the Federal Government. It is recognized that short-run forecasting is most difficult and often incorrect while a long-run forecasting gives better results according to the experience revealed in different studies, especially the ones made for the planning commissions of European countries.

Furthermore, short-run forecasts on employment made by the Federal Government are actually confidential and kept for use of governmental agencies possibly for fear of political effects. A positive view of the function of forecasting would require that such studies be made public to help management and labour to know better the kind of situation in which they live and the constraints that limit their decisions. Such a procedure, although it can create political difficulties, nevertheless presents problems of economic policy to public opinion and is certainly not without long-run benefits.

3. Conclusions

To conclude briefly on this question of statistics and research, the findings described above confirm the conclusion to which we arrived in the second part of the report:

- The ambiguous administrative set-up in which the M.E.S. is separated



from the Department of Labour must be changed in order to get an integrated programme of research and information on manpower and labour markets.

Secondly, there must be a sharp change in the personnel policies of the N.E.S.; the salary structure must be drastically revised to permit the introduction of a sufficient quantity of research people and of high quality middle management. The research staff should not be confined to economists or statisticians, but should include others able to do research on the efficiency of the N.E.S. in terms of its objectives within the framework of a manpower policy.

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